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Printed for the use of the Colonial Office.

Middle East.
No. 17.

CONFIDENTIAL.

CORRESPONDENCE

[September, 1926, to January, 1930]

RELATING TO THE

DEAD SEA SALTS CONCESSION

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DEAD SEA SALTS CONCESSION

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89 Crown Agents ... July 26	States that the draft Concession has now been prepared and that it will be necessary to attach to the final document a plan of the land to be leased. Suggests that the Palestine Government should now be asked to furnish this plan in order to avoid delay 93
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Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1929	
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92 Officer Administering the Government, 739 ... August 8 (Recd. Aug. 19)	Asks that Crown Agents may be informed that a maximum load of 4½ tons may be allowed on each back axle in the case of six-wheeled lorries fitted with double pneumatic tyres 95
93 Officer Administering the Government, 772 August 20 (Recd. Sept. 2)	Transmits copy correspondence with Novomeysky regarding the enlargement from 5 to 10 kms., in certain areas, of the belt over which it was agreed that the Government should have restricted powers for granting other concessions 96
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101 To Mr. Novomeysky November 5	States that the draft of the Concession has been approved, subject to such alterations as may be found necessary on receipt from Palestine of a despatch covering a plan of the area leased 101
102 To Crown Agents November 5	States, in reply to No. 97, that the draft of the Concession and the name of the Company is approved and also agrees that the appointment of Maurice Jenks, Percival and Company as Auditors may be approved. States that the Concessionaires should be required to execute an assignment of the Indemnity Agreement of 22nd May, 1929, as proposed 101
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		1929		
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113	Sir J. Shuckburgh to Sir H. Lambert ...	December 10	Approves the suggestion in No. 112	109
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		1930		
115	High Commissioner, Telegram 15 ...	January 11 (Recd. Jan. 11)	For reasons indicated has informed the local representative of the Concessionaires that only a nominal rental will be charged for the excess area of 1.16 square kms. referred to in No. 110	109
116	Crown Agents ...	January 11	Transmits, with comments, copies of Concession Agreement, Indemnity Agreement, and the Company's Memorandum and Articles, &c.	110
117	To High Commssioner, 79	January 30	Transmits copy of No. 116 and enclosures	112

Correspondence

RELATING TO THE

Dead Sea Salts Concession

C. 18306/26.

No. 1.

MESSRS. HERBERT OPPENHEIMER, NATHAN AND VANDYK to CROWN AGENTS FOR THE COLONIES.

(Received in Colonial Office, 28th September, 1926.)

Gentlemen, 1, Finsbury Square, London, E.C.2, 23rd September, 1926.

Palestine Concession for Development of Dead Sea Minerals.

IN accordance with the invitation extended by the Secretary of State for the Colonies to our clients, Mr. M. A. Novomeysky and Major Tulloch, we submitted to you on the 29th October, 1925, on their behalf, proposals* for the recovery of minerals from the waters of the Dead Sea, based on knowledge and information then available, and applied on their behalf for a concession for the development of these minerals.

In the Technical Report* of Mr. Novomeysky, which was annexed to our letter, it was stated that, " of the utmost importance for the realisation of the proposed scheme Mr. Novomeysky considered various data and information, which could only be obtained by prolonged observations and experiments over a period of twelve months " and that with a view to obtaining the above information Mr. Novomeysky began in spring (April) of 1925 various practical experiments on the Dead Sea, which were described in detail in his Report (See III Experiments on the Dead Sea 1925, Mr. Novomeysky's Scheme, page 7, and in the Appendix VI, 1, 2, 3, 4, Experiments on the Dead Sea, May-September, 1925).

The various experiments on the Dead Sea, which had been started in April, 1925, were not interrupted with the presentation of the application and report, but have continued to be carried out by Mr. Novomeysky's staff, under his instruction and under the supervision of an experienced chemist, admitted to do this research work at the Chemical Institute of the Jerusalem University.

In view of the knowledge and certain experience obtained in the matter during the year which has passed since the preparation of Mr. Novomeysky's Report in September, 1925, we are now instructed to submit to you the following additional information.

As you will observe from Mr. Novomeysky's Report (pages 9, 10) and from the application (page 9) it was considered desirable in conformity with the findings of " The Dead Sea Mineral Resources Committee " (page 47) that the work of the exploitation of the minerals of the Dead Sea should not commence on a large scale from the beginning, but should be undertaken gradually, in more than one stage.

In the light of the knowledge then available the suggestion was to divide the work into three stages :—

1. To start with a preliminary experimental plant, on a commercial scale, with an area of 6-7 acres for evaporation pans, which would produce 400-500 tons of potassium chloride and about 150 tons of bromine per annum.

2. If this experiment proved successful, then to increase the plant for a production that would be within the capacity of road transport facilities available now, or possible by road improvement between the Dead Sea and Jerusalem. The quantities which would be produced under these conditions were considered to reach a figure of 10,000 tons of potassium chloride and 300 tons of bromine per annum.

3. If this undertaking proved successful and gave evidence of a possibility of a large chemical industry on the Dead Sea, the next stage would be full-scale production with an output up to 100,000 tons of potassium chloride.

* Not printed here.

We are now advised by Mr. Novomeysky that the results of his experimental work on the Dead Sea, carried out uninterruptedly for a period of over 16 months, is of such a nature as to lead to the conclusion that the work of the recovery of the salts from the waters of the Dead Sea could commence with the second stage indicated in the Report, *i.e.*, with a production within the possible road transport facilities, which is estimated to be up to 10,000 tons per annum, and the first experimental stage thus be eliminated.

We are instructed to inform you of this and to state that it now appears to be practicable to undertake to commence work on the basis of this second stage of production, as outlined in the Report and in our application which accompanied that Report.

We are to say that during the first year of production it would be possible to produce about 3,500 tons of potash and 250 tons of bromine on an area of about 35 acres and the area would be increased, when the metal road between the Dead Sea and Jerusalem is completed on the whole line and a through transport for motor-lorries is possible during the whole year.

We are further instructed to state that the payments to the Government of Palestine for the grant of a concession set out in our letter, addressed to you under the heading (5) "*Royalties*" (page 7) were based on the conditions, which prevailed in Palestine over a year ago, when Mr. Novomeysky's scheme was in preparation. In suggesting the royalty figures it was taken into account that beside the income from royalties on the output the Government would derive benefits and income from various payments for imported materials, machinery, goods, increased transport and other kinds of taxation of the new industry, intended to become an important factor in the economic life of the country. Now, in the light of certain important reforms in taxation and revenue, recently introduced by the Palestine Government, as the release of duties on imported materials, release of duties on various kinds of machinery imported, and in view of the probability of abolishing even some other taxation of new industries of importance for the country, during a certain initial period, the compensation of the Government for the grant of a concession, as suggested in the application (pages 7 and 8) could be correspondingly increased. The principle of compensation of the Government, being certain fixed royalties from the turnover and a participation of the Government in the profits of the Company, as suggested in the application, remain, of course, the same.

In submitting this statement, we have again to emphasise the fact that the terms as suggested by our client have to be regarded as a basis for detailed negotiations.

Yours obediently,
HERBERT OPPENHEIMER.

C. 16012/26.

No. 2.

DEAD SEA CONCESSION—SCHEDULE OF OFFERS RECEIVED, OCTOBER, 1925.

	Period of Concession.	*Estimated Capital Expenditure.* £	*Estimated Annual Output. Tons.*	*Proposed Royalty, &c.*
Bicknell Group..	6 months' investigation; then, if results satisfactory, 5 years Stage I; then Stage II, 50 years on terms settled by arbitration, or at option of concessionaire, another 5 years on same terms as before	*Stage I* £550,000 *Stage II* Large Increase	*Stage I* up to:— 100,000 K Cl 25,000 Mg Cl_2 2,000 Br and Na Cl as marketable *Stage II* 10 times the above	*Stage I* 5s. per ton on K Cl and Mg Cl_2 exported, plus 50 per cent. of divisible profits of undertaking after allowing 15 per cent. on capital outlay, including depreciation and amortisation
Edwards & Henry	99 years	Original proposal (evaporation on Mediterranean Coast) — At least £500,000 authorised capital	At least 15,000 tons K Cl, 200,000 tons Na Cl and Br as marketable; would probably be much increased	None for 5 years; then 10 per cent. of profits, *i.e.*, gross receipts, less working expenses and interest on debentures and loans
		Amended proposal (Dead Sea evaporation—submitted June, 1926 — £511,270 or £811,270	50,000 tons K Cl 100,000 tons K Cl	
Norton	50 years	Less than £1,000,000 (verbal 15th July, 1926)	"The amount . . . demanded . . . . . by all consuming countries, with the exception of France and Germany."	Fifty per cent. (or any other proportion the Crown Agents may decide) of surplus profits after paying fixed dividend on capital, fixed interest on debentures, fixed sum for amortisation and providing for maintenance and needed extensions
Tulloch & Novomeysky	75 years	*Stage I* £36,500 *Stage II* £100,000 *Stage III* £1,000,000	*Stage I* *i.e.*, 4 years. 500 tons K Cl, 150 tons Br *Stage II* 10,000 tons K Cl, &c. *Stage III* Developing to 100,000 tons K Cl, &c.	K Cl and Mg Cl_2: Two per cent. of price at works if annual sales between 2,000 and 50,000 tons; Three per cent. of price at works of each ton over 50,000 tons Bromine—3 to 6 per cent. of price at works on a sliding scale increasing with increased price Other chemicals—to be agreed *In addition*, on all production, an interest on a sliding scale on profits in excess of 25 per cent. on capital invested

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C. 44056/27 [No. 4].

No. 3.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 8.]

SIR, 4, Millbank, Westminster, London, S.W.1, 11th January, 1927.

REFERRING to your letter of the 3rd December, 1926,* and previous correspondence respecting applications for the grant of a concession to recover minerals from the

* C. 21501/26: not printed.

waters of the Dead Sea, I have the honour to enclose revised applications* which we have received from the groups shewn in the enclosed schedule, which summarises briefly the terms offered.

2. From the letters,† of which copies are also enclosed, it will be seen that Messrs Henry and Edwards, who signed with Dr. Norton the revised application sent by him in November, have now dissociated themselves from him. They have submitted a separate application for a sole and exclusive concession, using the same form as Dr. Norton, with the alteration of certain terms, but they state that they have reached a satisfactory basis of agreement with Mr. Novomeysky and Major Tulloch, and ask that both tenders should be read in conjunction, while Mr. Novomeysky's solicitors state that he, on his own behalf and on behalf of Major Tulloch, has reached in principle an agreement with Major Henry, acting on his own behalf and on behalf of Mr. Edwards, to act together in the matter of a concession. The nature of the association of these two pairs of tenderers is, however, far from being clear, since they have made two separate applications with different terms and do not say what arrangements would be come to if either of these were accepted, nor is it apparent what advantage can accrue to the Government of Palestine from their co-operation.

3. It will be seen on examining the applications that, although the other applicants have improved their terms, none of their offers would give an assured revenue to the Palestine Government greater than that payable under the terms of the offer made by the Bicknell Group.

4. Until the cost of production and the selling price per ton are known by actual experience, it is impossible to say whether the fixed royalty of 5s. per ton offered by the Bicknell Group would be greater or less than the royalty offered by other applicants. Messrs. Novomeysky and Tulloch estimate that the 5 per cent. of the market value at works which they offer would be 4s. per ton. If, as is possible, the difference between cost and selling price were as much as £3 per ton, the royalty offered by Dr. Norton and by the Henry Group would amount to 7s 6d. per ton; but, in the event of prices being forced down by severe competition, it might be 2s. 6d. per ton or even vanish entirely. From the point of view of the Palestine Government, the fixed rate of 5s. seems to offer considerable advantages. Moreover, this fixed royalty is offered by the Bicknell group on magnesium chloride also while Dr. Norton and the Henry group mention potash only in this connection.

5 In considering the percentages of profits offered to the Government, regard must be had to the allowances which are to be made from gross income in order to arrive at the divisible profits. Apart from such usual allowances as working and administration costs, depreciation and amortisation, which may for purposes of comparison be assumed as the same in all cases, the following allowances are specified:—

Bicknell	... ...	15 per cent. on capital outlay (such outlay to include working capital and also preliminary expenses not exceeding 25 per cent. of the capital).
Norton Henry	... ...	Fixed charges, renewals and an allocation to reserves (amounts undefined).
Novomeysky	... ...	An allocation to reserves (amount undefined);
plus	... ...	10 per cent. on paid up capital before Government takes 20 per cent. of surplus;
or	... ...	15 per cent. on paid up capital before Government takes 40 per cent. of surplus.

From an examination of the details, it appears to us that the Bicknell offer is likely to be more favourable to the Government than those of Messrs. Henry and Edwards or Messrs. Novomeysky and Tulloch. Whether, assuming the various factors of production and sale to be the same, Dr. Norton's offer which he now again makes 50 per cent. would be still more favourable depends upon the amount to be allowed under the heading "fixed charges, renewals, and reserves." The term "fixed charges" no doubt includes interest on loans and debentures and might make the total of Dr. Norton's deductions from gross income as great as that of the Bicknell group. The latter's proposed limit for preliminary expenses, viz., 25 per cent. of the total capital, would, generally speaking,

* Not printed. † One letter only printed.

be too high in the case of a public utility undertaking, such as an electricity concession; but in the case of a commercial undertaking like the present, which has been described by the Dead Sea Mineral Resources Committee as "speculative," it is probable that very attractive terms will have to be offered in order to secure the necessary capital, and though we should propose in the course of negotiations to ask for a justification of this figure with a view to pressing for a reduction, we do not feel certain that such reduction could be insisted upon.

6. As requested in your letter of the 14th October,* we have conferred with Mr. Tottie respecting the financial resources of the Bicknell group, and have reason to believe that the formation of the company necessary to implement his concession would be arranged by a group possessing adequate financial resources; but we shall not be able before the middle of January to obtain the written evidence which we require. We will report further as soon as the necessary documents reach us. In the absence of instructions we have not, of course, taken any steps to satisfy ourselves with regard to the financial resources of the other applicants.

7. The question whether adequate technical knowledge of the local problems involving the recovery of the salts would be available for the Bicknell group has been discussed with them, and we see no reason to doubt that they will be able to secure competent technical management if they receive the concession.

8. Their revised offer meets the objections which we raised to their offer of October, 1925. Thus they are now prepared to agree that the rate of royalty and of Government participation in profits shall be specified for the whole period of the concession instead of for 5 years only, as previously proposed, subject to the safeguard, which appears to us to be reasonable, that, if the working of the concession is not a success, they may terminate it at any time by giving one year's notice. The Government would, of course, be given a similar right to terminate the concession if the minimum production were not maintained.

9. Another factor to be considered in estimating the revenue to the Government from this undertaking is that of taxation. It will be seen that the Bicknell offer of a share in the profits is subject to exemption from taxes other than those which may be specified in the concession. The other applicants are less definite on this point, but would, no doubt, require, when negotiating the detailed terms of a concession, some similar safeguard. We see from the supplement to the *Palestine Commercial Bulletin* of 1st May, 1926, that exports are free from duty, and it is not to be supposed that the Government would impose a special export duty on the products of the undertaking and thus increase, in effect, the amount of royalty. It does not, however, appear to be unreasonable for the concessionaire to require some guarantee on this point, and we see no objection to the Bicknell proposal, which it will be observed does not in any way touch the Government's right to the fixed royalty of 5s. per ton. Exemption from import duty on plant and fuel (including motor spirit) will be a question of immediate and practical importance. We think, however, that this can be settled when the concession is granted in the same manner, namely, by naming the taxation or classes of taxation which will be paid unconditionally by the concessionaire, and providing that the concessionaire shall have the right to deduct from any sum payable to the Government as a share of divisible profits any sum paid as taxation in any other form.

I have, &c.,
HENRY LAMBERT.

* C. 16012/26: not printed.

Enclosure 1 in No. 3.

DEAD SEA CONCESSION—SCHEDULE OF OFFERS RECEIVED, DECEMBER, 1926.

Applicant.	*Proposed Capital.*	*Stages of Development of Production of Potassium Chloride.*	*Payments to Government.*		
			Royalty.	*Percentage of divisible Profits.*	*Allowances to be made before profits become divisible.*
Bicknell Group	*Stage I* £550,000	3 years for investigation and construction, then:— *Stage I* Developing to 100,000 tons per annum with minimum production of:— 20,000 tons by 5th year 50,000 ,, ,, 8th ,, 80,000 ,, ,, 10th ,, then:— *Stage II* Developing to maximum economically possible	5s. per ton on 80 per cent. potassium chloride and magnesium chloride exported	50 per cent.	Depreciation, amortisation, and 15 per cent. per annum on capital outlay (which shall include working capital and preliminary expenses not to exceed 25 per cent. of the total capital)
Henry & Edwards	Not stated in application	Not less than 100,000 tons per annum, starting within 2 years of the completion of the Works	2s. 6d. per ton of potash sold for every £ sterling by which selling price (less selling commission) exceeds basic cost figure	20 per cent.	Working, administration and fixed charges, depreciation, renewals and provision for reserves
Norton	Between £2,000,000 and £3,000,000	Not less than 100,000 tons per annum, to be produced within 2 years of completion of the Works	2s. 6d. per ton of potash sold for every £ sterling by which selling price (less selling commission) exceeds basic cost figure	50 per cent.	(As Henry & Edwards)
Novomeysky & Tulloch	£900,000 for 100,000 tons a year	Up to 3,500 tons in first year, developing to 10,000 tons per annum during the first stage, *i.e.*, with road transport; development up to 100,000 tons per annum subsequently, with other transport	5 per cent. in kind, or cash equivalent to 5 per cent. of the realised turnover at the current market value of potassium chloride in bulk at Works (estimated at 5 per cent. of £4, *i.e*, 4s. per ton) plus the same for bromine and magnesium chloride	20 per cent. or 40 per cent.	An allocation to reserve plus 10 per cent. on paid up capital An allocation to reserve plus 15 per cent. on paid up capital

Enclosure 2 in No. 3.

SIR, 1, Finsbury Square, London, E.C.2, 31st December, 1926.

WE have the honour in compliance with the invitation contained in your letter of the 27th October, 1926, to refer you to our letters of the 29th October, 1925, and the 23rd September, 1926, which comprise and relate to the application of our client, Mr. M. A. Novomeysky, in conjunction with Major Tulloch, for a concession for the recovery of minerals from the waters of the Dead Sea.

The letters to which we have referred and the documents which accompanied the same, set out definite proposals as a basis for close negotiation.

In view of additional information now available resulting in particular from the experiments which, during the last twelve months, Mr. Novomeysky has at his own expense continued to conduct on the shores of the Dead Sea and elsewhere, and also gathered from experience gained on the salt works in the United States (Utah and California) by Mr. Novomeysky personally since the application of October, 1925, was made, we are now instructed to place before you proposals in which some details amend or modify those contained in the earlier communications.

We are also to say that the further experiments and additional knowledge now available and also independent detailed examinations of the scheme that have been made in this country by experts of a large chemical concern, both from the technical and commercial point of view, have confirmed Mr. Novomeysky's data and conclusions as being accurate and conservative.

While our client is prepared at any time to discuss with your experts technical and commercial details, we only propose to deal with the matter broadly in this letter. We may say that in principle Mr. Novomeysky has no reason to modify the statements contained in our letter of the 29th October, 1925, and supplemented by our letter of the 23rd September, 1926, and in the various technical documents.

From the letter of the 23rd September, 1926, it will have been observed that whereas in the application of October, 1925, it was proposed to start with a small experimental plant, and then, if that experiment proved successful, to increase the plant for a larger production, it is now found practicable to re-plan the programme, so as to start on the lines of the second stage, *i.e.*, for production within the road transport facilities which is estimated to be up to 10,000 tons per annum; and during the first year of production it is thought possible to produce up to 3,500 tons of potassium chloride with an increase of production as the transport facilities increase.

There are certain minor points which in working out the details of the definitive concession will require to be borne in mind, but which do not affect the underlying principles or the broad aspects of the matter at the present juncture, such as, for instance, the details relating to the acquisition of land on the Trans-Jordan shore of the Dead Sea in the event of an increased area of land being necessary.

We may perhaps say, however, at this point that it would now appear that the amount of capital required for the large-scale production (100,000 tons of KCl. (80 per cent.)) will be less by about £100,000 than was anticipated in the estimate contained in the documents previously submitted and that the working costs will also be appreciably less than estimated.

You will recall that one of the main items of expenditure was on evaporating pans. This reduction in capital cost is to a great extent due to improved methods which have become available as the result of practical experiments for the construction of the same. We may add that certain technical problems relating to the carnallite pans may also be regarded as having been satisfactorily solved.

The main heading under which it is desired to make amended suggestions is with regard to the interest of the Government in the prosperity of the Company.

In the fifth paragraph of our letter of the 29th October, 1925, a schedule of royalties was set out and it was also indicated that our clients are prepared to give the Government an interest in the profits. In our letter of the 23rd September, 1926, it was pointed out that, owing to certain changes in the incidence of taxation, &c., and following upon the further information made available since the original application, as mentioned earlier in this letter, the amounts payable to the Government could be increased.

For the paragraph numbered 5 in our letter of the 29th October, 1925, therefore, we are now instructed to ask that the following may be substituted:—

Our clients still feel that the most satisfactory course will be to offer the Government an interest both in royalties and in profits.

We give you below the schedule which our clients now suggest:—

(a) *Potassium Chloride.*—Five per cent. in kind on amount of the actual production, or at the Government's option a payment in cash equivalent to 5 per cent. of the realised turnover at the current market value of the product in bulk at works.

We understand that it is estimated that, at a price of £1 per ton below the now prevailing price for French and German potash, the value (80 per cent.) potash in bulk at works on the Dead Sea would be not less than £4 per ton and the royalties accordingly would not be less than 4s. per ton or £20,000 per annum on a production of 100,000 tons.

(b) *Bromine;* the same as in the case of potassium chloride.

(c) *Magnesium Chloride;* the same as in the case of potassium chloride.

In addition to the royalties mentioned above the applicants are prepared to give the Government an interest in the profits derived by the proposed Company from the above-mentioned production, as follows:—

When the amount of such profits available for distribution as dividend after making reasonable provision for reserves is sufficient to pay a dividend of 10 per cent. on the capital for the time being paid up, then the Government shall be entitled to 20 per cent. of the balance of such profits; when the amount of such profits available for dividend after making reasonable provision for reserves is sufficient to pay 15 per cent. on the capital for the time being paid up, then the Government shall be entitled to 40 per cent. of the balance of such profits, the accounts to be prepared by a firm of Accountants acceptable to the Government (should it so desire).

We take leave to repeat what we have previously stated, namely, that the application now before you on behalf of Mr. Novomeysky in conjunction with Major Tulloch, as contained in the letters of the 29th October, 1925, and the 23rd September, 1926,

and in this letter, are put forward as a concrete basis for close negotiation; nor do we think it is necessary for us to add that our clients are prepared to satisfy your Department as to their financial responsibility.

We are instructed to say in conclusion that confidence is felt that you will appreciate that our clients were the first to put forward comprehensive proposals and that they have been unremitting in their efforts to place before you a businesslike scheme based upon the closest study of every aspect of the matter over a long period of time and at great expense.

Yours, &c.,
OPPENHEIMER, NATHAN AND VANDYK.

The Crown Agents
for the Colonies.

C. 44056/27 [No. 19].

No. 4.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential (B).)

MY LORD, Downing Street, 9th March, 1927.

WITH reference to my Confidential despatch of 2nd December* last on the subject of the applications received for a Concession for the utilisation of the Dead Sea salts, I have the honour to transmit to you copies of four letters† from the Crown Agents for the Colonies on the subject. The first forwards, with comments, the revised applications which have been received, the second and third transmit lengthy communications from Dr. Norton, and the fourth shows that Messrs Tottie and Bicknell were not then in a position to produce financial guarantees. I understand that it was the Ottoman Bank with whom they had been in negotiation but who had withdrawn from the arrangements.

2. I will address you further on the subject shortly; but I will not delay for my comments the transmission to you of these letters.

I have, &c.,
L. S. AMERY.

C. 44056/27 [No. 20].

No. 5.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by Nos. 6 and 9.*]

(Confidential (E).)

MY LORD, Downing Street, 10th March, 1927.

IN continuation of my Confidential despatch of the 9th of March‡ regardnig the applications received for a Concession for the utilisation of the Dead Sea salts, I have the honour to inform you that after very full consideration I have come to the conclusion that it will be in the best interests of Palestine if the Concession is given to Messrs. Novomeysky and Tulloch.

2. It is true that the terms which these gentlemen offer in their application of 31st December, 1926,§ are not on the face of them so favourable to the Palestine Government as those offered by Messrs. Tottie and Bicknell, nor as those put forward by Dr. Norton. I consider, however, that it is hardly possible to consider seriously any further the application of Messrs. Tottie and Bicknell; since they admit that they are not at present in a position to provide the money which would be required to work the Concession; and the fact that Mr. Novomeysky alone among the applicants has carried out a considerable amount of experimental work on the spot, though of course, on a comparatively small scale, and is a man with experience in such work, makes me inclined to favour the acceptance of his application as most likely to conduce to the efficient working of the Concession. As regards Dr. Norton, I understand that if the Concession is granted to Messrs. Novomeysky and Tulloch and the Government consider it desirable that Dr. Norton and the interests which he represents should participate in the undertaking, this could be arranged with Messrs. Novomeysky and Tulloch so long as the latter were not asked to give a controlling interest in the undertaking to Dr. Norton's group.

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* C. 21501/26: not printed. † No. 3; and C. 44056/27: not printed. ‡ No. 4.
§ Enclosure 2 in No. 3.

3. Unless, therefore, you see any objection, I propose to instruct the Crown Agents to negotiate an agreement with Messrs. Novomeysky and Tulloch, subject, of course, to their giving satisfactory financial guarantees. The Concession would provide for the formation of a company under the control of the Palestine Government, and stipulations will have to be inserted providing for the cancellation of the Concession by the High Commissioner if any attempt were made to come to any agreement for the restriction of output or the control of prices which had not been sanctioned by the High Commissioner.

4. You will no doubt let me have as soon as possible any suggestions which you may have to make as regards the terms and conditions to be inserted in the draft Concession, but it would be convenient if you could let me know by telegraph without waiting to consider those points whether you agree to my proposal that the application of Mr. Novomeysky and Major Tulloch should in principle be accepted.

I have, &c.,
L. S. AMERY.

C. 44056/27 [No. 21].

No. 6.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received, 12.50 p.m., 31st March, 1927.)

TELEGRAM.

31ST MARCH. No. 49. Confidential. Your despatch of 10th March Confidential E,* Dead Sea Concession. I agree to your proposal that application of Messrs. Novomeysky and Tulloch should in principle be accepted.

As Trans-Jordan Government are concerned they are being invited to make recommendations regarding conditions to be inserted in Concession.

I will forward their recommendations with my own as soon as possible.—PLUMER.

C. 44056/27 [No. 22] [No. 23].

No. 7.

COLONIAL OFFICE to [MR. M. NOVOMEYSKY] [MAJOR T. G. TULLOCH]

SIR, Downing Street, 9th April, 1927.

WITH reference to the application submitted on behalf of [yourself and Major Tulloch] [yourself and Mr. Novomeysky] by Messrs. Herbert Oppenheimer, Nathan and Vandyk to the Crown Agents for the Colonies on the 31st December last,† for a Concession for the extraction of salts from the water of the Dead Sea, I am directed by Mr. Secretary Amery to inform you that he has been in communication with the High Commissioner for Palestine, and that Lord Plumer agrees in principle to grant a Concession to [yourself and Major Tulloch] [yourself and Mr. Novomeysky] provided suitable terms and conditions can be agreed upon and subject to your giving satisfactory financial guarantees.

2. The Crown Agents are being authorised to negotiate an agreement with [you and Major Tulloch] [you and Mr. Novomeysky], but they may not be in a position to commence the negotiations at once, as the High Commisisoner is sending home by despatch his recommendations regarding the conditions to be inserted in the agreement.

I am, &c.,
A. J. HARDING

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* No. 5. † Enclosure 2 in No. 3.

C. 44056/27 [No. 24].

No. 8.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 9th April, 1927.

WITH reference to your letter of 11th January* forwarding revised applications which you received for the grant of a Concession for the extraction of salts from the water of the Dead Sea, I am directed by Mr. Secretary Amery to enclose copies of correspondence† with the High Commissioner for Palestine and of letters‡ which have addressed to Mr. Novomeysky and Major Tulloch. It will be seen that it has been decided in principle to grant a Concession to Messrs Novomeysky and Tulloch provided that suitable terms and conditions can be agreed upon and that they furnish satisfactory financial guarantees. I am to request you to communicate provisionally with Mr. Novomeysky and Major Tulloch on the lines indicated in the letters from the Colonial Office to those gentlemen. A further communication will be sent to you regarding the terms and conditions to be embodied in the agreement after the receipt of the recommendations promised by the High Commissioner in his telegram of 31st March.§

I am also to request you to notify the other applicants that their applications have been unsuccessful.

I am, &c.,

A. J. HARDING.

C. 44056/27 [No. 45].

No. 9.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 27th June, 1927.)

(Confidential A.)

SIR, Government Offices, Jerusalem, 17th June, 1927.

I HAVE the honour to refer to your despatch Confidential E of the 10th of March‖ and subsequent correspondence relating to the terms and conditions to be inserted in the draft Concession for the utilisation of the Dead Sea salts and to say that after consultation with my advisers I have the following suggestions to submit in that connection.

2. It is assumed that the system followed will be that adopted in the Hydro-Electric and Mavrommatis Concessions, namely, an agreement will be entered into with the Concessionaire, providing that within a period of a year from the date of the agreement he shall form a Company with a certain capital; and when this has been done, he shall receive a Concession in the form scheduled in the agreement.

3. It is considered that a Company should be formed with a capital of not less than £100,000. The term of the Concession will be 70 years, which is the same as the Rutenberg Concession: at the end of that period all the works, &c , should pass to the Government.

4. The Concession scheduled to the agreement should provide for two stages: (1) a period of (say) five years by the end of which the Company shall produce at least 10,000 tons of potassium chloride a year; and (2) a period for the rest of the term of the Concession in which the capital of the Company shall be raised to £900,000 and production increased to a minimum of 100,000 tons a year within five years, and thereafter shall not fall below this minimum.

5. In the first period it should be stipulated that the Company should produce at least 3,500 tons within two years of the grant of the Concession.

6. The Company should be required to submit plans and specifications of its works within six months of the grant of the Concession.

7. The Concession should contain a condition in general terms that the Company should construct a road either to connect with the existing Jerusalem-Jericho road or with the Railway at Beisan, and in case extraordinary damage is caused to Government roads by the traffic of the Company, they may be required to contribute towards the repair of such roads a sum to be fixed by agreement or in default of agreement by arbitration.

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* No. 3. † Nos. 4, 5, and 6 ‡ No. 7. § No. 6. ‖ No. 5,

8. It should be stated in the Concession that no vehicles with an axle load exceeding three tons shall be driven on the Jerusalem-Jericho road.

9. For transportation between the Concession area and the existing Railway, the Company should be required, in the second period of the Concession when the output reaches 100,000 tons annually, to provide the cost of building a road or a railway, as the Government may decide.

10. In the event of a railway being constructed, it might be convenient to form a subsidiary Company for its operation, but the railway would be available for traffic generally and not solely for the purposes of the parent Company.

11. In any case it will be necessary for Government to be represented on the management of the railway and to approve fares and freights. If the railway were operated by a Company it would be desirable to insert a provision in the Concession whereby Government might acquire the railway in accordance with the principles of acquisition prescribed in the Jordan Hydro-Electric Concession.

12. The provision as to royalties would follow the proposals contained in the letter from Messrs. Nathan and Co. of the 31st December. 1926,* except that the Company should be asked to raise the royalty on magnesium chloride to eight per cent. instead of five per cent. In the view of the Controller of Mines that would be a reasonable royalty. But if it is considered by the Crown Agents that there has been an acceptance of the royalty terms stated in the letter of the Company, the point would not be insisted upon.

13. With regard to share of profits, it is submitted that, having regard to Article 11 of the Mandate, similar provision should be inserted in this Concession, namely, that the Company shall not be entitled to retain any profits above what is required to pay a dividend of fifteen per cent. on the share capital after setting aside proper sums for reserve, depreciation, and amortisation. Any surplus profits would go to the Government. But I do not think that Government can insist on this condition if you are satisfied that it is not reasonable.

14. The Government would undertake to lease to the Company land on the northern end of the Dead Sea with an area of not less than four square kilometres, subject to the reservation of any land required for roads, &c. The Government would also lease land around the Sea necessary for the production of salts by the Company. It is to be noted in this connection that the agreement of the Trans-Jordan Government to lease the areas on their side of the Dead Sea must be obtained. The Government will allow the Company to use the waters of the Jordan and the rivers flowing into the Dead Sea for the purpose of their works, but not for the production of hydro-electric power. The Company would have the right of navigating vessels on the Dead Sea subject to any regulations made by the competent Departments of the two Administrations concerned.

15. The Company will be subject to such provisions of the Mining Ordinance and the Regulations thereunder as may be applied by the Governments to the Concession, and to any other regulations for the proper control of the mining operations which may be laid down from time to time by the Controller of Mines in either territory.

16. The Government will have a right of inspection over the works of the Company, and also of all the books and accounts of the Company.

17. Provision must be made, as proposed in the letter from the Crown Agents, for forfeiture of the Concession if it is shown that, without the consent of the Government, the Company has taken steps to restrict output or raise prices

18. There should be included in the Concession clauses, on the lines of those contained in the Jordan Hydro-Electric Concession dealing with the beginning and prosecution of the works, the submission of plans for the original and any later works, financial provisions, power of forfeiture, arbitration in case of dispute, &c. The clauses of the Jordan Hydro-Electric Concession which might be followed are: 5-7, 10, 13, 27, 32-34, 37-43, 46-52, but there should be no provision for the deferment or postponement of payment of customs duties on articles imported by the Company, corresponding with Clause 36 of that Concession

19. It is desirable to state in the Concession that the Company will be required as far as possible to utilise the labour resources of Palestine and Trans-Jordan, and in respect of the importation of labour from outside will be subject to Government regulations on this matter.

20. The Chief British Representative has also consulted the Trans-Jordan Government regarding the terms and conditions to be inserted in the draft Concession. I enclose a copy of an English translation of a letter containing the suggestions of the Trans-Jordan Government on this subject dated the 6th of June and addressed to the Chief British Representative The suggestions of the Trans-Jordan Government appear

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* Enclosure 2 in No. 3.

to be unobjectionable. The Chief British Representative asks that the Trans-Jordan Government may be kept fully in touch with negotiations for the Concession and be given an opportunity of expressing their views on the terms of the final draft Concession.

I have, &c.,
G. S. SYMES,
Officer Administering the Government.

Enclosure in No. 9.

(Confidential.)

HIS EXCELLENCY, THE CHIEF BRITISH REPRESENTATIVE. 6th June, 1927.

Concession for the Exploration of the Mineral Resources of the Dead Sea.

IN consideration of the 80th Session held by the Executive Council on 5th June, 1927, I beg to inform Your Excellency that the Trans-Jordan Government primarily agree to the Concession for the exploration of the mineral resources of the Dead Sea being granted to Messrs. Novomeysky and Tulloch and suggest that the following points should be inserted in the Concession:—

(1) The Concession should be granted jointly by the Palestine and Trans-Jordan Governments. It should also be stated in the Concession that both Governments possess equal rights therein and shall have equal shares in any royalties and profits.
(2) The Trans-Jordan Government shall have the right to appoint a representative to take part in the administration of the work and the control of the accounts.
(3) If provisions exist in the Concession that at the termination of the period of the Concession the works, establishments, and fixed plants made by the Company shall be handed over to the Government free and both Governments (Palestine and Trans-Jordan) shall have equal shares in the same.
(4) Local labour should be employed.
(5) If the Concessionaire wishes to grant a part of the Concession to a person or a Company he should obtain the consent thereto of both Governments.
(6) The Company should undertake to comply with the Laws and Regulations of Trans-Jordan regarding all works to be carried out in Trans-Jordan.
(7) No alterations or modifications in the provisions of the Concession are to be made after it is concluded except with the knowledge and consent of both Governments.
(8) The Trans-Jordan Government believe that from a technical point of view the railway to be constructed for that purpose should pass through the lands lying on the eastern side of the River Jordan. Nevertheless the Trans-Jordan Government wish to be consulted on this matter before it is finally decided and, further, would like to see the said railway extended in such a way as to assist in the commercial and economical progress of both countries (Palestine and Trans-Jordan).
(9) The Trans-Jordan Government suggest that it be arranged that an opportunity be given to the people of Trans-Jordan to take up a certain number of the shares of the Company.
(10) The draft of the Concession should be sent for the consideration of the Trans-Jordan Government before it is finally approved.

KHALID,
Chief Minister.

C. 44056/27 [No. 47].

No. 10.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 14th July, 1927.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 9th of April,* in which you were informed that it had been decided in principle to grant the proposed Concession for the extraction of salts from the water of the Dead Sea in Palestine to Mr. Novomeysky and Major Tulloch, and to transmit to you the

* No. 8.

accompanying copy of a despatch* which has been received from the Officer Administering the Government of Palestine, together with a copy of the enclosure thereto, relative to the terms and conditions to be inserted in the draft Concession.

2. Mr. Amery agrees with the recommendations made by Lieutenant-Colonel Symes, and I am to authorise you, in conjunction with your solicitors, to open negotiations with Messrs. Novomeysky and Tulloch with a view to the preparation of a draft agreement and Concession on the lines suggested in the accompanying despatch. In addition it should be provided in the draft Concession that the Company which operates the Concession will have to comply with any requirements of the Palestine and Trans-Jordan Governments with regard to public health.

3. I am to request that you will from time to time report to the Secretary of State and to the High Commissioner for Palestine any progress made in the negotiations with Messrs. Novomeysky and Tulloch. When those negotiations reach a suitable stage, it will be necessary for Mr. Amery to consult the Palestine and Trans-Jordan Governments.

I am, &c.,
J. E. SHUCKBURGH.

C. 44056/27 [No. 51].

No. 11.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 5.50 p.m., 15th August, 1927.)

TELEGRAM.

[*Answered by No.* 12.]

No. 166. My despatch of 15th July Confidential.† Conditions of Concession have been discussed with Crown Agents and I have come to conclusion that it would be a mistake to try to insert clauses based on the idea that the Concession is similar to a public utility concern like the Palestine Electric Corporation. It is not a public utility concession but more akin to a mining concession, and the chief interest of the two Governments lies in securing as far as it is possible to do so the maximum public revenue from the concession. In order to do this, stringent clauses regarding adequate working and Government share of profits are necessary but otherwise the Government should, I think, take as little responsibility and hamper the Company as little as they can. For instance, it does not seem necessary to place the Company under any obligation to raise a minimum capital of £900,000 for the second stage. If they maintain their minimum output they will automatically have to raise the necessary capital and from the Government's point of view the smaller that capital is the better. The submission of the plans and specifications of the works to the Government seems quite foreign to what is a purely commercial undertaking, nor does it seem necessary that the Company should be obliged by the concession to construct a road. The necessity for transporting their product will no doubt make this necessary, and it will be better to leave them to ask for the right to construct a road than to put it as an obligation. Provisions as to extraordinary damage and on the axle load limit will of course be insisted upon. The same applies to the provision of a road or railway in the second period of development. It would be quite impossible at present to include such details of railway construction as would make the clause suggested in paragraphs 9-11 of value. The following Rutenberg Concession clauses appear to be inapplicable to such a Concession as this:—5-7, 27, 39, 40 and 43. Further, as the application which it is proposed to accept was for a Concession with a term of 75 years, it does not seem desirable to try to cut that period down to 70 years. Unless you see strong objection I propose to authorise the Crown Agents to proceed with negotiations on the above lines.—AMERY.

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* No. 9. † C. 44056/27 [No. 48]: not printed.

C. 44056/27 [No. 55].

No. 12.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 2.30 a.m., 8th September, 1927.)

TELEGRAM.

[*Answered by No.* C. 15.]

No. 168 of the 7th September. Your telegram of 15th August No. 166* utilisation of Dead Sea salt. No objection to Crown Agents being authorised to proceed with negotiations on the lines proposed by you. Request that I may be furnished with copy of the draft Concession before its signature.—PLUMER.

C. 44056/27 [No. 56].

No. 13.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 14.]

GENTLEMEN, Downing Street, 9th September, 1927.

I AM directed to refer to the letter from this Department of the 19th of August,† regarding the proposed concession for the extraction of salts from the water of the Dead Sea in Palestine, and to inform you that the High Commissioner for Palestine has now reported by telegram‡ that he has no objection to the proposal that you should negotiate with Messrs. Novomeysky and Tulloch on the lines suggested in the Secretary of State's telegram No. 166 of the 15th August,§ (a copy of which was sent to you under cover of Colonial Office letter under reference). I am to authorise you to proceed accordingly.

2. I am to add that the High Commissioner has requested that he may be furnished with a copy of the draft Concession before it is signed and I am to request that you will in due course send copies accordingly to this Department for use and transmission to Lord Plumer.

I am, &c.,
J. E. SHUCKBURGH.

C. 57075/28 [No. 1].

No. 14.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 18.]

SIR, 4, Millbank, Westminster, London, S.W.1, 10th January, 1928

REFERRING to your letter of the 9th September, 1927,‖ I have the honour to enclose a draft of the provisions of the proposed Concession for the recovery of potash and other salts from the Dead Sea which we have negotiated with Mr. Novomeysky and Major Tulloch. In order to avoid delay this draft has been prepared to embody the substance of the various provisions without setting them out at length in legal form, and it is suggested that the actual drafting of the documents to be signed should be undertaken by the solicitors of both parties if and when the enclosed draft has been approved by the Secretary of State and the Governments concerned. I enclose also a memorandum on certain clauses of the draft.

* No. 11. † C. 44056/27 [No. 52]: not printed. ‡ No. 12. § No 11. ‖ No. 13.

2. As regards the ability of the applicants to command the necessary funds for working the Concession, their solicitors informed us in April last that the sum of £60,000 was already subscribed towards the capital of the Palestine Mining Syndicate which was incorporated in Palestine, November, 1924, with a capital of £100,000, and that the principal subscribers in addition to Mr. Novomeysky himself, were:—

The Jewish Colonial Trust (who are also the bankers to the Syndicate)	£30,000
Messrs. Ofenheim & Co.	£15,000
The Palestine Economic Corporation, New York (with the right to subscribe more)	£10,000
Mr. Leslie Urquhart	

The applicants' solicitors produced copies of letters from the above parties showing that the three first named had subscribed early in 1926 the amounts which we have inserted above on the understanding that any Concession to Mr. Novomeysky and Major Tulloch would be assigned to the Syndicate on conditions to be agreed, and that Mr. Urquhart had in 1924 undertaken to subscribe £500 with the right to subscribe another £4,500. The amount actually paid up in cash is stated in these letters to be ten per cent. The solicitors stated that their clients would be prepared, when the draft Concession is in its final form and before it becomes effective, to satisfy us if so required that the necessary capital will be available as and when required for the programme set out Information obtained independently shows that all four of the subscribers mentioned above are of good financial standing and we think that there is no doubt that they could command the capital necessary for the stages of development. In order to obtain the amount of about one million pounds which is expected to be required when the stage of full production is reached, it will no doubt be necessary to invite the public to subscribe. Particulars of the directors, &c., of the bodies referred to above are given in the enclosed statement.

3. It will be observed that in coming to an agreement with the applicants we have felt obliged to depart from some of the instructions given in the High Commissioner's despatch of the 17th June, 1927* Thus we have not included an obligation to produce the quantities specified in Clauses 4 and 5 of that despatch since, as explained in the memorandum which we enclose, quantities which are estimated by the applicants as being a probable normal output can hardly be laid down as a minimum output, and, moreover, the normal output available from the area in question is not yet definitely ascertained. On the other hand, we have included a stringent clause intended to provide against the possibility of the Concession being held and not worked (*see* Clause 7), and have endeavoured to secure by the wording of Clause 9 the Government's rights to a definite share in the profits of the Company. Several of the clauses shown in the draft were accepted by the applicants with reluctance and we trust that the Government may see its way to accept the provisions as a whole since any alteration of one clause in favour of the Government may entail renewed negotiations on other clauses. In particular, we may mention Clause 27 respecting the settlement of disputes to which importance was attached by the applicants as being likely to establish confidence in those who may be asked to provide funds for the undertaking.

4. In submitting this draft we would point out that, in view of the widespread influence of the German Potash Syndicate, the successful working of the Palestine Concession as a commercial undertaking may be very far from easy. We cannot suggest any conditions which would prevent the possibility of the control of the Company which works this Concession being acquired ultimately by interests allied with the German producers; but we have endeavoured to embody in the conditions as a whole such measure of control by Government in this respect as seems possible while at the same time allowing the applicants conditions sufficiently favourable to enable them to raise their capital and to encourage them to develop to the fullest extent possible.

I have, &c.,
HENRY LAMBERT.

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* No. 9.

Enclosure in No. 14.

DEAD SEA CONCESSION.

PROVISIONS AGREED WITH MR. NOVOMEYSKY AND MAJOR TULLOCH SUBJECT TO THE APPROVAL OF THE SECRETARY OF STATE AND THE GOVERNMENTS OF PALESTINE AND TRANS-JORDAN.

Crown Agents' Office, January, 1928.

(NOTE.—Throughout these documents the term "Government" means the Governments of Palestine and Trans-Jordan jointly.)

Preliminary Agreement.

1. A preliminary agreement which will bind both the Governments of Palestine and Trans-Jordan will be necessary providing for the grant of a Concession in the form annexed subject to the fulfilment within 12 months of the following conditions.

(*a*) The incorporation in Great Britain or Palestine of a Company for the purpose of carrying out the Concession.

(*b*) The subscription and payment up in cash of share capital in the Company to the amount of at least £100,000 or the bona fide and unconditional subscription by responsible parties to the satisfaction of the Crown Agents of not less than £100,000 payable in cash by instalments so that that sum will be available as and when required for the operations of the Company.

(*c*) No prospectus, statement in lieu of prospectus, invitation to subscribe, or other documents to be published or circulated unless previously submitted to and not disapproved by the Government or the Crown Agents within a time to be specified.

(*d*) A proportion (but not exceeding 10 per cent.) of the capital of the Company shall be offered for public subscription in Palestine and Trans-Jordan simultaneously if so required by the Government.

(*e*) The Concessionaire or the Company to pay all the usual and proper legal costs of the Government and the Crown Agents of and incidental to the Agreement, the Concession, and all or any other matters arising thereout or connected therewith, and any technical costs incurred with the previous consent of the Concessionaire.

2. The Grantor pending the grant of the definitive Concession will not grant any concession, lease or licence conflicting with the scheduled draft Concession.

Concession.

1. To comprise a lease of not less than 4 square kilometres of land abutting upon the north-western end of the Dead Sea, and any further land abutting on the Dead Sea actually required from time to time for the Company's operations for the production of salts under this Concession. The location of all such lands to be agreed between the Government and the Company. All such land to be subject to reservation of parts required for roads or other public facilities as shown by annexed plan.* Compensation to be paid for land required but not shown in plan.

2. The term of the Concession to be for 75 years.

3. The Concession will confer the right to obtain by evaporation or otherwise howsoever from the Dead Sea the mineral salts therein and to render marketable sell and dispose of same. For a period of 25 years the Government will not exercise or grant to or permit to be exercised by any other person firm or corporation rights to recover the said mineral salts or any of them and after the said period of 25 years will not do so without first offering the same to the Concessionaires on terms not less favourable to them than those of the present Concession. If such terms are not accepted by the Concessionaires within 12 calendar months the Government shall be at liberty to grant such rights to other applicants on terms not more favourable to such other applicants than those offered to the Concessionaires.

4. Fresh water required for the production of salts drinking washing or sanitary purposes and the general purposes of the undertaking and its employees may be obtained from the River Jordan or any convenient affluents to the Dead Sea. But water power must not be used to generate electricity. Subject to any existing rights, the Concessionaire shall be permitted to bore for water and subject to the Government's approval to quarry without payment of royalty or rent for materials necessary for the undertaking.

* Not reproduced.

5. Any lands required for the purposes of the Company will be expropriated by the Government of Palestine or Trans-Jordan at Company's expense (Clause 10 Palestine Electric Concession).

6. The Company will be required to work continuously and with all due diligence and to produce the equivalent of the following minimum quantities of potassium chloride of 80 per cent. purity, viz. :—

During the first two years of operations	* tons.
During the third year (provided that the metal road between the Dead Sea and Jerusalem is completed to the Dead Sea)	tons.
During the fourth to sixth years inclusive ...	tons per annum.
During the seventh to tenth years inclusive ...	tons per annum.
During each subsequent year	tons.

Operations shall be deemed to have started when the first plant for a production of tons of potassium chloride as above was completed, and in any case not later than three years from the date of the Concession.

Provided always that the Company shall be granted an extension of the said periods if it shall be prevented by circumstances, not due to its own act, neglect or default from completing within the periods indicated the construction of the necessary plant and transport lines.

7. The Company will be absolutely prohibited from making without previous written consent of Government any contract arrangement or understanding with any Company person or undertaking for restriction of output or for raising or keeping up prices in such a manner as to restrict output.

8. The royalties will be as follows :—

On potassium chloride bromine and magnesium chloride produced and sold five per cent. of value in bulk at works. No royalty will be payable during the first five years of the Concession. Thereafter the value of each product shall be fixed half-yearly and shall be the value free at works in bulk of each product arrived at by taking the sale prices during the previous half-year and deducting therefrom the proper costs of transport insurance and marketing plus a profit of ten per cent. on such costs.

Notwithstanding the provisions of Clause 26 a minimum royalty calculated on the output specified in Clause 6 will be payable whether those quantities are produced and sold or not unless the Company has been prevented from producing and selling them by the Act of God or insurrection, riots or war or civil war in Palestine or Trans-Jordan; but any payment of royalty in excess of actual production may be set off in any subsequent year against an excess of production in such year beyond the specified output.

The rate of royalty per ton to be thus paid on quantities not produced and sold shall be based on the average sale price during the previous two years less the deductions specified above. These royalties to be ascertained by the Auditors and paid on 1st February and 1st August in every year in respect of the production during the period of 6 months ending on the preceding 31st December and 30th June.

9. The Company will pay to the Government a share in the profits of the undertaking and for the purpose of ascertaining such share the following provisions shall apply :—

The profits of the undertaking shall be the gross receipts less the following deductions :—

(*a*) All expenditure on account of actual and proper working expenses, including repairs, maintenance, renewals and replacements.

(*b*) The royalties paid to the Government.

(*c*) Interest on and amortization instalments of loan capital.

(*d*) Allocations to a reserve fund not exceeding in any one year ten per cent. of the certified cost of construction and equipment and provided that such allocation does not increase the reserve to more than one half of the certified cost of construction and equipment.

Such profits shall in each year be allocated to the Company up to a sum sufficient to pay ten per cent. on the sum approved by the Government from time to time for the purpose plus an amortization instalment sufficient to redeem that sum at the expiration

* The quantities have not been inserted pending the decision of the Government of Palestine after consideration by it of a memorandum from Mr. Novomeysky showing that the quantities specified by the Government cannot be guaranteed as a minimum production.

of the Concession period. Any remaining profits shall be shared with the Government in the following proportions :—

Up to the equivalent of 5 per cent. on the sum approved for the purpose, 20 per cent. to the Government and 80 per cent. to the Company; as to any further profits, 40 per cent. to the Government and 60 to the Company.

The sum approved by the Government from time to time for the above purpose shall be the excess of the total capital cost of construction and equipment over the amount raised by loan capital such excess being increased as follows to cover the provision of working capital, flotation expenses and all other capital expenditure :—

(*a*) During the first twelve years of the Concession by 100 per cent. of the said cost of construction and equipment.

(*b*) During the thirteenth and all subsequent years of the Concession by 60 per cent. of the said cost of construction and equipment.

Any income derived from the investment of the reserve fund referred to in (*d*) above shall be treated as part of the gross receipts of the undertaking for the purposes of this clause; and also any portion of that fund which shall be withdrawn from reserve.

Any sums standing to the credit of the said reserve account at the end or determination of the Concession shall belong to the Government and the Company in the proportion of 40 and 60 per cent. respectively.

The whole of the figures required to be ascertained in order to comply with the clause are to be ascertained and certified by the auditors of the Company.

Any sums payable to the Government under this clause are to be paid within one month after the annual general meeting of the Company at which the accounts are passed.

10. The Company to keep at all times at its principal office all proper and usual books of account to be open at all reasonable times to inspection by the Government upon reasonable notice.

The Auditor of the Company to be subject to the Government's approval. He is to prepare once every year a proper balance sheet and profit and loss account a copy of which is to be forthwith supplied to the Government.

11. The Company to send to the Government every year with the copy of the accounts as mentioned under paragraph 10 a return of products (*a*) recovered and (*b*) sold showing in case (*b*) the price free at works in bulk together with a statement of royalties and share of profits which will be certified by the auditor.

12. The Government subject to Clauses 26 and 27 may by one month's notice determine the Concession on the happening of any of the following events, viz. :—

(*a*) If the Concession is assigned or leased without its previous written consent.
(*b*) If the Company fails to work the Concession properly and efficiently.
(*c*) If the Company fails to produce on the average of any three consecutive calendar years the output specified in Clause 6.
(*d*) If the Company fails to comply with any other condition of the Concession after three months 'notice.
(*e*) If the Company fails to pay to the Government any sums due within six months of due date.
(*f*) If the Company goes into liquidation other than voluntary liquidation for the purpose of reconstruction with the approval of the Government.
(*g*) If the Company commits a breach of Clause 7.
(*h*) If the Company shall make such arrangements for the disposal of the Company's products as to deprive the Government improperly of any profits in which it would otherwise be entitled to participate.

13. If the Government terminates the Concession the whole of the plant and works shall vest in it, but the Company on payment of all sums due to the Government may remove all machinery belonging to it on the ground within twelve months unless taken over by the Government at a valuation.

On the expiration of the Concession by effluxion of time the whole of the plant and works of the undertaking shall pass to and vest in the Government without payment.

14. The Company shall not be entitled to gold, silver or other precious metals and their ores, precious stones, antiquities or mineral oil, whether on or beneath the shores or under the waters of the Dead Sea, or under or upon any lands in the occupation of the Company to any greater extent (if any), or with any greater rights (if any) than they would, apart from this Concession, be entitled to under the relevant ordinance.

The Company shall give the Government immediate notice of any such discovered.

15. The Government to have the right to enter upon any lands for the purpose of exploring for and obtaining any such discovered, subject to payment of compensation for any damage, &c.

16. The Government to reserve the right to construct railways, roads, tramways, electric wires or cables, pipe lines, or any other works on, under or through any lands used by the Company subject to proper compensation. The Government to have the right to enter for purposes of survey inspection, &c.

17. The Company shall not issue or raise any debentures or other loan capital except with the Government's approval in writing of the terms of issue and rate of interest.

A proportion (but not exceeding 10 per cent.) of the share and loan capital of the Company shall be offered for public subscription in Palestine and Trans-Jordan simultaneously if so required by the Government.

18. Prospectuses, &c. (Clause to be as Palestine Electric Concession Clause 37). No prospectus, statement in lieu of prospectus invitation to subscribe or other documents to be published or circulated unless previously submitted to and not disapproved by the Government or the Crown Agents within a time to be specified.

19. All the Government's requirements relating to Public Health to be complied with, and Company to comply with such provisions of the Mining Ordinance and the regulations thereunder as may be applied by the Government to the Concession and to any other regulations for the proper control of the Company's operations which may be prescribed from time to time by the Controller of Mines in either territory.

20. (*a*) The Government will within two years from the date of the Concession make up the existing road from the Dead Sea to its junction with the Jerusalem-Jericho road, so as to render it fit for heavy lorry traffic, and will so maintain it so long as the Company requires to move its products by road transport. When the Government commences the construction of the road the Company will contribute £5,000 towards its cost, which sum will be repayable by deductions from amounts subsequently falling due under the terms of this Concession to be paid by the Company to the Government, but not otherwise. If extraordinary damage is caused to this road or any other Government roads by the traffic of the Company, the Company may be required to pay the cost of the repair of such roads necessitated thereby

No vehicle with an axle load exceeding * tons may be used on the Government roads without the special consent of the Government.

(*b*) As and when the transport requirements of the Company render it necessary the Government will, if desired by the Company, grant permission for the construction by the Company of an aerial ropeway or telpherage from the Dead Sea to the Railway outside Jerusalem or to the Railway at Beisan, and will grant or expropriate at the Company's expense the land required for the pillars and all necessary rights of way. The rate to be charged for transport of the Company's products over the Jaffa-Jerusalem Railway shall, failing agreement, be referred for decision by a recognised British Railway expert selected in case of difference by the President of the Institution of Civil Engineers in Great Britain.

(*c*) If the Government constructs a line of Railway from the Dead Sea northwards to Beisan and/or southwards to Akaba, the Government will discuss with the Company the rates to be charged for transport of the Company's products over such Railway and over the other Railways owned by the Government, and failing agreement the question shall be referred for decision by a recognised British Railway expert selected in case of difference by the President of the Institution of Civil Engineers in Great Britain.

If the Government does not engage to construct such Railways in time for use when the traffic of the Company demands such facilities, the Government will, if required by the Company, grant the right to the Company to construct either or both at the Company's option and will grant or at the Company's expense expropriate the necessary land.

The gauge and the route to be followed and the terms of the Concession which will be granted by the Government for railway construction shall be settled by agreement, or in case of disagreement by reference to a recognised British Railway expert nominated in case of difference by the President of the Institution of Civil Engineers in Great Britain.

The expenses of reference to a Railway expert shall be shared equally by the Government and the Company.

21. Company may navigate vessels on Dead Sea for purposes of their business, subject at all times to Government regulations.

22. The Company are not to pollute the water of any river or stream.

23. The labour resources of Palestine and Trans-Jordan to be employed, but other sources may be resorted to with Government's previous permission.

24. In time of war Government to have right of pre-emption of products.

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* The maximum axle load is left for decision by the Government after considering the note on the subject furnished by Major Tulloch.

25. If any taxation is hereafter imposed on the production or export of potassium chloride, bromine or magnesium chloride, or any tax on the profits or turnover of the Company, payments made to the Government by the Company in respect of such taxation shall be deducted from payments due by the Company to the Government under this Concession as royalty or a share of profits.

26. Except in cases (if any) in which these presents expressly provide to the contrary, no failure or omission by the Company in the observance or performance of any of the stipulations, agreements or conditions herein contained and on the part of the Company to be observed or performed shall give rise to any claim or demand against the Company or in any manner operate to the prejudice of the Company or be deemed a breach of this Concession if it be shown to the reasonable satisfaction of the Government that the default has arisen from any of the following causes, namely, the Act of God, insurrection, riots, war, strikes or combinations or lock-outs of workmen not properly attributable to the improper acts or defaults of the Company, or any other extraordinary or unforeseen circumstances which the Government may reasonably consider to be beyond the control of the Company.

27. The Law of England to prevail. Any disputes between the Government and the Company to be decided by the Supreme Court of Judicature in England, except those on technical matters, which shall, on the application of either party, be referred for decision to an expert selected in case of difference by His Majesty's Principal Secretary of State for the Colonies, such expert's fees being paid by the Company.

28. No power to assign, lease, sublet or otherwise dispose of the Concession without previous consent of Government.

29. The Concessionaire or the Company to pay all the usual and proper legal costs of the Government and the Crown Agents of and incidental to the Agreement, the Concession, and all or any other matters arising thereout or connected therewith, and any technical costs incurred with the previous consent of the Concessionaire.

30. No personal liability on High Commissioner, Crown Agents or any Government official.

31. Notices.

32. Marginal notes.

NOTES ON DRAFT AGREEMENT AND CONCESSION FOR THE RECOVERY OF POTASH, &c., FROM THE DEAD SEA.

Crown Agents' Office, January, 1928.

The draft shows the terms agreed by us with Mr. Novomeysky and Major Tulloch, subject to the approval of the Secretary of State and the Governments of Palestine and Trans-Jordan. The documents have not yet been prepared in detailed legal form. It will be seen that in some cases clauses of the Palestine Electric Concession have been quoted as a convenient way of indicating the details which it is proposed to include in the completed documents. For the principal provisions, however, the Palestine Electric Concession cannot be regarded as a precedent; since, as a public utility undertaking, it differs essentially from a commercial enterprise such as the recovery of potash.

I. It is understood that the agreement for the grant of the Concession will be executed by us on behalf of the Governments of Palestine and Trans-Jordan jointly. For this purpose we shall require special authority from the Government of Trans-Jordan and also detailed instructions as to the correct titles of the parties to be specified as the Grantors of the Concession.

It will be seen that the draft includes a preliminary Agreement and also a form of Concession which is to be scheduled to the Agreement. The provisions of the preliminary Agreement are as indicated in paragraphs 2 and 3 of the High Commissioner's despatch of the 17th June, 1927.* Clause (*d*) with reference to the offer of a proportion of the Company's capital for public subscription in Palestine and Trans-Jordan was inserted in view of the suggestion made in paragraph 9 of the Trans-Jordan letter of the 6th June.† Mr. Novomeysky urges, however, that considerable inconvenience may be caused to the Company if the Government exercises its rights under this clause as drafted especially if and when it is found possible to raise the necessary funds without any appeal to the public. He asks for the addition of the following words:—" But

* No. 9. † Enclosure in No. 9.

this clause shall not apply in any case where the total amount offered for subscription at one time is not more than £200,000." The effect of this addition would no doubt be to relieve the Company from any obligation to offer capital for subscription in Palestine or Trans-Jordan during the early stages of development. As regards the larger amount of capital which will be required later (*see* corresponding clause of the Concession—Clause 17) the applicants ask for a similar proviso. Alternatively, as regards both clauses, they ask that the obligation to offer for public subscription in Palestine and Trans-Jordan should apply only (up to 10 per cent. thereof) to such capital as they may decide to offer for public subscription. We feel some doubt whether there is much value in the clause either in respect of a local or of a public subscription, since as regards the first point local subscribers can always instruct an agent in London to take up shares, and as regards the second any security against the control of a particular group which public subscription may seem to afford is apt to be illusory, as shareholders are nearly always willing to part with their shares if the price is pushed up sufficiently. The question is, however, to some extent a matter of opinion, and in view of our instructions we have not felt at liberty to do more than transmit their request for the Government's consideration.

II. As regards the Concession the following notes are appended in explanation of some of the more important clauses:—

Clause 1.—The *plan* referred to in this clause will be required for annexure to the form of Concession when the covering agreement is executed and will no doubt be furnished before then by the Government of Palestine. The Government is also requested to state whether it is necessary to provide for payment of a nominal rent by the Company in order to preserve the Government's title to the freehold

Clause 2.—The *term* of 75 years has been specified in view of the Secretary of State's telegram to the High Commissioner of the 15th August.*

Clause 3.—*The Rights Conferred.*—The applicants represented that the rights to be granted under the Concession had always been understood to be sole rights for the whole of the Dead Sea for the purposes stated. Their letter of 29th October, 1925,† asked for the grant of a sole Concession, but this appeared to us to be unnecessary if, as is understood, the grant of land will cover all that is available at the north end of the Dead Sea for large-scale evaporation. Moreover there appears to be strong objection to the grant of a monopoly covering the whole of the Dead Sea for so long a period as 75 years. In the event of the holders of the Concession being unable or unwilling to develop such large resources fully, we do not think that any provisions could be devised which would enable the Government to compel them to do so and it would be contrary to the interests of the Government to leave with them the power to prohibit development by other parties if such development were found possible later on outside the area of land actually leased to them. On the other hand we realise that the Company working the first Concession may be faced with great difficulties in the earlier years of development and may reasonably press for protection from competitors in Palestine during that period and from the risk of areas which they may require later on being granted to others. We have accordingly arrived at a compromise, embodied in this clause, which gives the Concessionaires sole rights for 25 years (one-third of the Concession period) but leaves the Governments free after that period to make grants to others of areas which the present Concessionaires are not prepared to work, on terms not more favourable than those offered to the present Concessionaires. The applicants have requested that this period should be increased to 30 years as they consider that this would increase the attractiveness of the undertaking in any appeal which they may have to make to the public for capital; and we transmit this request for the Government's consideration.

This clause would, of course, prevent the Government from granting rights to any other parties, during the period of 25 years mentioned, for the recovery of common salt from the waters of the Dead Sea. Mr. Novomeysky has no desire for a monopoly for the production of common salt but points out that the grant of land for its recovery by evaporation might restrict the subsequent development of the potash company. If the Government wishes to preserve any legal rights of third parties to obtain common salt he is willing to enter into a separate undertaking to supply it to holders of such rights at a nominal price. The instructions of the Government are requested on this point.

Clause 6.—*Minimum Production.*—In view of Clauses 4 and 5 of the High Commissioner's despatch of 17th June‡ we proposed a provision requiring the Company to

* No. 11. † 50261/25: not printed. ‡ No. 9.

produce not less than the equivalent of the following quantity of 80 per cent. potassium chloride :—

	Tons.
During the first two years	3,500
,, ,, third to fifth year inclusive	10,000 a year.
,, ,, tenth and each subsequent year ...	100,000 a year.

We specified these quantities in terms of 80 per cent. potassium chloride since references in previous correspondence have usually been to a salt of this composition and a stipulation for the production of so many tons of potassium chloride without reference to a degree of purity would be of no value. We pointed out to Mr. Novomeysky that he would not be required to produce 80 per cent. potassium chloride but merely to produce, in any grades, the equivalent of the quantities of 80 per cent. named. For example, 20,000 tons of 40 per cent. potassium chloride would be accepted in place of 10,000 of 80 per cent. and so on. He urged, however, a modification of this provision on four grounds :—

(*a*) That his production could not begin with the beginning of the Concession but only after a period had been allowed for construction work;

(*b*) That the estimated production, based on his own and Mr. Blake's figures, falls far short of the equivalents which we specified having been related to dead weight and not to purity;

(*c*) That a Concessionaire cannot fairly be asked to guarantee as a minimum the production which he had estimated as normal; and

(*d*) That his production would depend on the nature of the ground available for evaporation pans, on the heat of the sun, and on other natural causes over which he has no control.

He proposed, therefore, to substitute an obligation to construct and operate certain areas of evaporation pans instead of the obligation to produce certain quantities of potash.

Mr. Blake, the Geologist of the Government of Palestine, was on leave at the time and we were able to consult him. He confirmed our view that an undertaking to construct and operate a certain area of pans could not be accepted as a substitute for the obligation to produce named quantities. As regards the estimated production he furnished a memorandum, of which a copy is attached. This memorandum was examined by Mr. Novomeysky who has furnished observations on it and revised proposals for minimum production in a memorandum dated December, 1927, of which a copy is attached.

It will be seen that in the draft we have allowed a period for construction and have provided for the production of quantities specified as equivalents of specified quantities of 80 per cent. potassium chloride at named periods thereafter; but we have not inserted the quantities pending further instructions from the Government of Palestine. It will also be seen from his memorandum that the figures proposed by Mr. Novomeysky for insertion are :—

2,500 tons
3,500 ,,
7,500 ,,
10,000 ,,
and 50,000 ,, respectively.

We would suggest for the Government's consideration that Mr. Novomeysky's figures might be accepted since apart from the technical question of probable normal output it may reasonably be argued on his behalf that a minimum production, failure to produce which involves liability to forfeiture of the Concession and on which a minimum royalty is payable (see Clause 8) should be fixed considerably below the estimated probable normal production of the undertaking.

If the Government is not prepared to accept his figures, Mr. Novomeysky asks that he may have an opportunity of discussing the matter with Mr. Blake in Palestine and that, in the event of their being unable to agree on the technical questions involved, arrangements should be made for them to discuss the matter further in England in consultation with an independent expert such as Sir R. Robertson, who was a member and subsequently Chairman of the Committee appointed by the Secretary of State to report on the mineral resources of the Dead Sea.

Clause 8.—*Royalty*.—The rates inserted are those offered by Mr. Novomeysky and Major Tulloch in their application. The suggestion conveyed in paragraph 12 of the High Commissioner's despatch of 17th June, 1927* (where however the matter was left

* No. 9.

to our judgment) that the royalty on magnesium chloride should be increased to 8 per cent. was not proposed to the applicants as negotiations were throughout conducted on the basis of their offer.

The applicants have asked for relief from royalty during the early years of production on the ground that favourable treatment should be given to the undertaking in the early stages of development. They urged that, while their products are moved by road transport, large sums will be payable in the form of duty on petrol, which will be a source of revenue to the Government. They asked at first for some abatement of this duty and, when this was not agreed to, suggested relief from royalty as some compensation, though they stated that the sum thus conceded by the Government would be less than the sum received in petrol duty. Provision has accordingly been made for exemption from royalty during the first five years of the Concession period.

It will be seen that provision has been made in this clause for payment of a minimum royalty based on the output of potassium chloride specified in Clause 6. This has been inserted as a substitute for a fixed rent for the lands leased, and in accordance with the practice adopted in similar Concessions elsewhere.

Clause 9.—*Government Participation in Profits*.—The offer made by the applicants was to give the Government a share in the profits after paying a dividend of 10 per cent. on the capital for the time being paid up. Under such an arrangement we regard it as essential that the amount of such capital should be subject to the approval of the Government and provisions to this effect were inserted by us in the first draft; but they were objected to by the applicants, and we consider that there are undoubtedly objections to Government control of the amount of issued capital and that any such arrangement is likely to lead to disputes in which the Goverment will be at a disadvantage. The amount that may reasonably be charged by the Concessionaires to the Company which they form as payment for their rights under the Concession is difficult to settle, and in addition, when the Concession has once been granted, the Government might well find it difficult to resist urgent requests for approval of the issue of shares as fully paid in exchange for the services of underwriters and financial houses. We think it better to leave the capital arrangements of the Company to be settled by its promoters and to limit, by reference to sums ascertainable by the auditors such as the cost of construction and equipment, the total amount on which the Company's 10 per cent. per annum is to be taken. The clause has accordingly been drawn up on these lines. If this method is not adopted, provisions requiring Government approval of the amount of capital must in our opinion be inserted.

We have not proposed to the applicants the allocation to Government as suggested in paragraph 13 of the High Commissioner's despatch of 17th June, 1927,* of all profits over 15 per cent., since the percentages offered by them were very clearly stated in their application and their attitude throughout the negotiations has been that, for an enterprise of this nature and having regard to the royalty payable to the Government in any case, those proportions are the utmost that they can be expected to pay to the Government.

The amount of the Government's share of the profits will depend not only on these percentages but also on the sum on which they are to be calculated—referred to in Clause 9 of the draft as the sum "approved for the purpose." It will be seen that to calculate this sum the cost of construction and equipment is increased by a percentage and this percentage has been agreed, after prolonged negotiations, at 100 per cent. during the first twelve years and 60 per cent. thereafter. The figures have been settled after consultation with our financial advisers and are, we think, reasonable, having regard to the nature of the enterprise. During the first stage (say 12 years, covering development up to a minimum annual output of potassium chloride equivalent to 10,000 tons of the 80 per cent. product) the Company's working capital will certainly require to be higher in proportion to the cost of construction than it will when large-scale production is reached. Apart from flotation and other expenses, provision must be made in all stages of production for working capital, and the proportion which this bears to the cost of construction and equipment depends upon (*a*) the ratio of working expenses to cost of construction and equipment, and (*b*) the period elapsing between the payment of working expenses on the production of a given amount of the product and the receipt of the selling-price which is paid for it—that is to say the rapidity of turnover. The estimates submitted by Mr. Novomeysky both with his original application and during the present negotiations indicate that (*a*) will be much greater than it would be in, for example, an electrical undertaking; while, as regards (*b*), it may be observed that whereas suppliers of electricity draw a regular revenue from consumers within a few months of supply, in the present case the recovery of the potash will require three or four months, after which the product must be transported to a market outside Palestine and sold on terms which may involve a period of credit in addition to the period of transport.

* No. 9.

As an additional safeguard for the receipt by the Government of its due share in the profits of the Company our financial advisers suggested that a provision should be inserted in the Concession giving the Government the right to take up on most favoured terms a percentage of any capital issues made by the Company after the first stage of development. The applicants are prepared to discuss when the Concession is being drafted in legal form the inclusion of such a provision if the Government so desires, and we shall be glad to have instructions on this point. In agreeing to this Mr. Novomeysky also offered to give the Government the option at a later date of converting into a holding of shares in the Company its financial interests, namely its share of profits under the terms of the Concession or its receipts of royalty or both. We have not examined in detail this proposal, which was first made in the final stage of the negotiations, but it is open to some obvious objections, and as it appears to us that it would in any case be impossible at the present to set out the terms of such conversion we do not recommend such a provision, which could be little, if any, more than an undertaking to convert on terms to be agreed later by both parties.

Clause 14.—*Rights to Oil, other Minerals, &c.*—We proposed to reserve to the Government all gold, silver, or other precious metals, antiquities, and mineral oil; but the applicants represented that their rights to these in the area leased to them should be not less than those conferred by the law of Palestine on any other lessee. The wording proposed by them has been inserted; but the matter appears to be one for the Government's legal advisers and instructions on the point are requested.

Clause 20.—*Transport.* The High Commissioner's despatch of 17th June, 1927,* stated that the Company should be required to construct a road for the early stages of development and for the later stages to provide the cost of building a road or railway as the Government might decide; but it was subsequently agreed (*see* Secretary of State's telegram to the High Commissioner of 15th August, 1927†) not to propose these obligations.

As regards the construction of a road, the applicants have repeated the offer previously made to advance £5,000 under certain conditions, free of interest and repayable only if and when this sum subsequently falls due from the Company to the Government under the terms of the Concession (*i.e.*, as royalty or a share of profits). We have provided for this and for payment by the Company of the cost of repair of any extraordinary damage due to their traffic.

The limitation of axle load to three tons, specified in paragraph 8 of the High Commissioner's despatch, forms the subject of a special memorandum by Major Tulloch, of which a copy is attached Pending the Government's consideration of this memorandum no figure has been inserted in the draft.

As regards the construction of a railway it does not seem possible with the information at present available to draw up more detailed provisions than those included in the draft. It is not expected that the railway will come into use for another ten years and the collection of data before the grant of the potash Concession might well delay the latter for some years. Clause 20 embodies the provisions which will, we think, best meet the circumstances of the case.

Clause 25.—*Protection from Taxation.*—The High Commissioner's despatch of 17th June, 1927 (paragraph 18), stated that there should be no relief from payment of customs duties corresponding to that given by Clause 36 of the Jordan Hydro-Electric Concession; but no reference was made to Clause 35 of that Concession which gives partial relief from any taxation which would fall upon the profits of the Company. The applicants pressed for relief from any future taxation; but we refused to agree to this except in the modified form embodied in Clause 25 of the draft.

Clause 26.—The applicants have requested that, in addition to the usual instances of *force majeure* named in this clause, they should be relieved from their obligations in so far as there proves to be a lack of suitable land for their operations. We refused to agree to this as we consider that the risk is one which a Concessionaire may reasonably be expected to take and that his proper course is to satisfy himself on the point during early operations and before raising the bulk of his capital; but Mr. Novomeysky stated that the suitability of the area had not yet been proved either by the Government Geologist or by himself and urged that some proportionate reduction of his obligations should be allowed in the event of the area of land suitable for evaporating pans being less than anticipated. We transmit this request for the Government's consideration.

Clause 27.—Paragraph 18 of the High Commissioner's despatch of 17th June, 1927, specified an arbitration clause similar to that of the Hydro-electric Concession; but we have omitted this as we understand the Secretary of State so desires. We understand, however, that he does not object to arbitration on technical points, and we regard

* No. 9. † No. 11.

this as essential. The applicants were reluctant to accept the draft without an arbitration clause and we doubt whether they would have agreed to some of the provisions of our draft if we had not included in Clause 27 provision for the settlement of disputes in the English courts and for the reference of disputes on technical matters to an expert selected by the Secretary of State for the Colonies.

10th January, 1928.

MEMORANDUM BY MR. BLAKE, 25TH OF OCTOBER, 1927, ON PARAGRAPH 6 OF DRAFT.

Dead Sea Concession.

Dead Sea surface brine contains	...	10 parts per 1,000 KCl.
One cubic metre ,, ,,	...	10 Ks. KCl.
At 250 feet the brine contains	...	15 parts per 1,000 KCl.
One cubic metre ,, ,,	...	15 Ks. KCl.
One cubic metre carnallite liquor contains		30 Ks. KCl.

The bulk relation of surface brine, 1.16 s.g., to brine at 250 feet depth, s.g. 1.22, to carnallite liquor is 55 : 40 : 20. The relation of pan area for salt separation and carnallite production depends on these factors. Out of the 4 sq. kilos. minimum area offered and known to be suitable for construction of pans if we assume 2 sq. kilos. is used for separation of salt, 1 sq. kilo. would be required for carnallite pans if brine from 250 ft. is used (or .73 if surface brine is used) using similar depths.

Evaporations.—As salt separation can be carried on during the winter months we may assume that in March the carnallite pans will be full of carnallite liquor. During the summer months it has been shown that it takes 6 to 8 weeks to evaporate 60 cm. depth of brine to the carnallite stage. Hence the second evaporation would be completed in May, the third about mid-July, and the fourth by the end of August or the beginning of September, which would allow time for the fourth crystallisation of carnallite.

Production.—It has been shown from experimental results (final report) that the yield of potash as carnallite from the brine is 93 per cent. The yield of potash with a depth of 60 cm. (surfce brine 1.16) is 3 ks. of 80 per cent. quality and 2.6 ks. of 40 per cent. quality per sq. metre calculated as pure KCl.

Initial Stage.—Each hectare (10,000 M²) would produce with four evaporations per annum 3 ks. × 4 evaps. × $\frac{10,000}{1,000}$ = 120 tons pure KCl = 120 × $\frac{100}{80}$ = 150 tons 80 per cent. potash. It would therefore require 25 hectares of salt pans using surface brine to produce 3,500 tons. The total area with carnallite pans would be about 35 hectares. There would be a production 7,800 tons of potash of 40 per cent. quality and 60,000 tons of common salt.

Second Stage.—Assuming that by the end of five years brine from a depth of 250 feet is being used containing 15 parts per 1,000 of KCl, and that by the ninth year 2 sq. kilos. of salt pans are in operation, the production in the tenth year would be :—

Production per sq.m.	*Calculated as KCl. 4.5 ks. of 80 per cent. potash.*	*Calculated as KCl. 3.9 ks. of 40 per cent. potash.*
Production with 2 sq. km. salt pans ...	9,000 tons	7,800 tons
,, ,, ,, ,, 4 evaporations	per evaporation 36,000 tons	35,200 tons
Calculated as 80 per cent. quality	45,000 tons	calculated as 40 per cent. quality 88,000 tons

The actual quality of the higher-grade potash produced in the experiments was 90 per cent. The recovery of 50 per cent. of the potash contained in the brine as an 80 per cent. quality appears possible by the simple straightforward methods put forth in the reports. It would therefore seem reasonable to interpret the 100,000 ton production to consist of 50,000 tons 80 per cent. potash and 50,000 tons of a quality not under 40 per cent. potash bearing in mind that only a portion (3 sq. kilos.) of the minimum area has been used in the calculation.

The effect of variation of atmospheric conditions on evaporation does not appear to be of much importance as the level of the Dead Sea remains the same from year to year. Although only 4 sq. kilos. of land are mentioned this is due to the fact that this area is ready with very little preparation for the construction of pans. It is known, however, that

there exists tens of sq. kilos of land on the Palestine side as well as a large area in Trans-Jordan Territory which is underlain by blue or red clay which will be open to survey by the Concessionaires, and will form the basis of a much larger production.

In addition, the method outlined may probably be greatly improved by making it semi-continuous and so reducing labour costs.

REMARKS SUBMITTED BY MR. NOVOMEYSKY, DECEMBER, 1927, ON MR. BLAKE'S MEMORANDUM OF THE 25TH OF OCTOBER, 1927, RESPECTING PARAGRAPH (6) OF THE DRAFT.

Dead Sea Concession.

It is proposed by the Government that the Company should undertake to produce the equivalent of the following minimum quantities of potassium chloride of 80 per cent. purity, viz. :—

During the first 2 years	3,000 tons.
,, ,, 3rd to 5th years inclusi	10,000 tons per annum.
,, ,, 6th to 9th years inclusive	
,, ,, 10th and each subsequent year ...	100,000 tons per annum.

Experiments on evaporation of the Dead Sea brine carried out on the shore of the Dead Sea and in laboratories, by various experts, have established the fact that with each ton of potassium chloride of 80 per cent. purity produced approximately another ton of potassium chloride of inferior quality, about 40 per cent. purity, is produced.

(See Report published by the Crown Agents, 1925, page 25) :—

" The quantities produced are :—

80 per cent. KCl.	39,600 tons.
40 per cent. KCl.	37,800 tons.

See also Report of the Geological Adviser to Palestinian Government :—

" Final Note, June, 1926, page 4 :—

" 50 per cent. of the potassium chloride was recovered in Stage I as the pure salt. 34 per cent. comes out in Stage II with an equal amount of salt, and the remainder in Stage III as carnallite."

The equivalent of the above minimum quantities of potassium chloride, 80 per cent. purity, required to be produced by the Company will, therefore, actually amount to a production in weight :—

	Tons.		*Tons by Weight.*	
During the first 2 years ...	3,500	=	4,666	2,333 tons of 80 per cent. 2,333 tons of 40 per cent.
,, ,, 3rd year to 5th ...	10,000	=	13,333	6,666 tons of 80 per cent. 6,667 tons of 40 per cent.
,, ,, 10th and each subsequent year ...	100,000	=	133,333	66,666 tons of 80 per cent. 66,667 tons of 40 per cent.

An obligation to be placed on the Concessionaires to produce 13,300 tons of potassium chloride in the third year, which would be above the limits of possible road facilities, and to produce 133,000 tons in the tenth year which may be above the limits of suitable land available does not seem to be justified by the information and data at present available.

In the memorandum on paragraph (6) of the Draft Agreement prepared by the Geological Adviser to the Government of Palestine dated 25th of October, 1927, submitted at the last Conference at the Crown Agents' Offices, the minimum of 100,000 tons, required to be produced, are so interpreted that 50,000 tons should be of 80 per cent. purity and 50,000 tons of 40 per cent. purity, thus reducing the equivalent of potassium chloride—80 per cent purity from 100,000 tons to 75,000 tons. But even this figure estimated as a minimum production is regarded by us as much too high, as it is based on assumptions which may not realise when the scheme is being carried out on a large scale. These assumptions are :—

(1) That the 4 square kilometre minimum area offered are known to be suitable for construction of pans and would be sufficient for the above production.
(2) That the brine will be pumped from a depth of 250 ft. having a sp. gr. of 1.22—1.23.

(3) That four evaporations of carnallite liquor in one year are possible, as salt separation can be carried on during the winter months, and in March the carnallite pans will be full of carnallite liquor.
(4) That the yield of potash as carnallite from the brine is 93 per cent.

My comments on the foregoing are as follows :—

1. *The Minimum Area.*

The report published by the Crown Agents states (page 3) " that the available area is not less than 3 square kilometres, and it is possible that 50 per cent. more can be reckoned."

The same is repeated in a later report contained in the same publication (page 20, " Area available ").

" The area adjoining the north end of the Dead Sea amounting to between three and four square kilometres."

As the area covered by the 3 square kilometres is not yet sufficiently explored, and in the part of this area that has been explored by us (about 1 square kilometre) it was found that there are many spots where the ground is not impervious, we should, therefore, think it reasonable to reckon the minimum area which may be suitable not at four but at three square kilometres.

2. *The Brine to be used.*

In our technical reports submitted to the Crown Agents on the 29th October, 1925, we dealt fully with this question (*see* A. " Preliminary experimental Undertaking," page 15, also VI Appendix, page 12, " Soundings taken in the Dead Sea " and Map No. 1 attached). It is stated there (page 15) :—

" A concentrated brine of sp. gr. 1.237 has been found in a depth of 70 M.—250 ft., but the distance from the shore to a point of this depth is excessive and would involve considerable expenditure for conveying the suction pipes to it. On the other hand, a sp. gr. of 1.20 has been found at a depth of 35 M. (115 ft.) at a distance of 554 M. from the shore. It is, therefore, proposed to convey the pipes to a point of 35 M. deep as indicated on the Map I (General plan of works). The brine taken from this depth will have a specific gravity of 1.20, containing 13 parts potassium chloride in 1,000 parts of brine."

This is against 15 parts of potassium chloride on which calculations in the above memorandum are based.

3. *Four Evaporations.*

It is possible that with an exceptionally dry winter four evaporations may be achieved, but our observations carried out uninterruptedly during the last two years are less optimistic, as it can be seen from the following table, which is an extract from our records :—

Experiments in Clay Tanks, 1926-27.

15th Nov., 1926, Sp. Gr of brine	1.225
30th ,, ,, ,, ,, ,, ,,	1.233
30th Dec., ,, ,, ,, ,, ,,	1.230
20th Jan., 1927 ,, ,, ,, ,,	1.236
22nd Feb., ,, ,, ,, ,, ,,	1.175
3rd Mar., ,, ,, ,, ,, ,,	1.209
11th ,, ,, ,, ,, ,, ,,	1.226
26th ,, ,, ,, ,, ,, ,,	1.259
2nd May, ,, ,, ,, ,, ,,	Carnallite removed

The table shows that no carnallite liquor was available by the end of March (carnallite begins to crystallise at a sp. gr. of 1.290), and only in the beginning of May was the first separation of carnallite completed.

In our technical report submitted to the Crown Agents for the Colonies on the 29th of October, 1925, the season for carnallite crystallisation was taken accordingly from 15th of May to 15th of October (see page 16, " Preliminary Experimental Undertaking ").

Based on the above observations, one will have to take only three carnallite evaporations in a season, as a rule, as against four evaporations suggested.

4. *The yield of potassium chloride in the carnallite produced.*

A production of carnallite which contains 93 per cent. of the total potassium chloride in the original brine has been achieved in some of the more successful experiments, but this maximum cannot, however, be taken as a basis in calculations for a production on a large scale. Our experiments in clay tanks have given more modest results; only 80 to 85 per cent. of the contents of potassium chloride in the original brine has been generated as carnallite. This figure corresponds with the result of the experiments in the Government's laboratory, London (*see* Report published by the Crown Agents, page 26). It is stated there :—

> "It is clear, therefore, that by isothermal evaporation of the Dead Sea water a well drained carnallite, containing 80 *per cent. of the total* potassium chloride originally present could be recovered."

Conclusions.

Taking the area suitable for pans on the north-western corner of the Dead Sea at 3 square kilometres, the sp. gr. of the brine to be used at 1.20 (13 parts of KCl. in 1,000 parts of brine), and taking three carnallite evaporations in one season, it would appear that the figure of 45,000 tons of potassium chloride of 80 per cent. purity arrived at in the above-mentioned memorandum should be reduced as follows :—

1. The use of brine with a content of 13 parts of KCl. in 1,000 parts of brine instead of 15 parts, reduces the production to $\frac{13}{15} \times 45{,}000 = 39{,}000$ tons.

2. Three evaporations instead of four reduce the estimated production to $\frac{3}{4} \times 39{,}000 = 29{,}250$ tons of KCl. of 80 per cent. purity. Assuming that the same quantity of potassium chloride of 40 per cent. purity is being simultaneously produced, namely, 29,250 tons, this being equal to 14,625 tons of 80 per cent. purity, the total equivalent of 80 per cent. purity will be 43,875 tons.

3. By taking into account that the yield of potash in carnallite may not be 93 per cent., but only 80-85 per cent., the above figure of 43,875 tons will have to be further reduced.

These figures are not far removed from the figures given in the Report published by the Crown Agents for the Colonies (page 25) :—

> "From the above evaporation figures and those given in the interim Report, it is evident that not more than three evaporations could be carried through annually for the production of carnallite . . . . . .
>
> The quantities produced by a total area of 3 square kilometres are—
> 80 per cent. KCl. 39,600
> 40 per cent. KCl. ... ... 37,800."

Addendum.

It is proposed that the minimum quantities to be produced by the Company expressed as an equivalent of potassium chloride 80 per cent. purity should be as follows :—

During the first two years	... ...	2,500 tons.
Do. 3rd year	... ...	3,500 tons.
Do. 4th—6th year inclusive	... ...	7,500 tons.
Do. 7th—10th ,, ,,	... ...	10,000 tons.
Do. 11th and each subsequent year	...	50,000 tons.

This would mean that in the first two years of operations pans and plant capable of producing 3,333 tons of potassium chloride by weight (1,666 tons of 80 per cent. purity and 1,667 tons of 40 per cent. purity) or about 1,700 tons per annum will have to be built and erected.

The obligation to produce an equivalent of 3,500 tons of potassium chloride 80 per cent purity in the third year or 4,467 tons by weight (2,223 tons of 80 per cent. purity and 2,224 of 40 per cent.) will compel the Company already during *the second* year of operations to increase the number of the first pans and the plant two and a-half times.

The further obligation to produce during the fourth year an equivalent of potassium chloride 80 per cent. purity of 7,500 tons (10,000 tons by weight) and in the seventh year 10,000 tons (13,333 tons by weight) would mean that during the *third year* of operations new pans and plant will have to be erected so as to be able to produce two and a quarter times in comparison with the quantity produced in the preceding year, and in the *sixth year* to increase again the pans and plant so as to be able to produce 33 per cent. more than was produced in the preceding year.

MEMORANDUM BY MAJOR TULLOCH.

The limitation of axle weights is really no protection to the road unless accompanied by limitations as to width and nature of tyres, and speed of vehicle.

For example an iron-shod wheel with a tyre only one inch broad carrying a load of one ton, will, other things being equal, do far more damage to a road than a wheel bearing a load of four tons but shod with giant pneumatic tyres.

The latest British Government order *re* heavy motor transport allows axle loads of $7\frac{1}{2}$ tons for six-wheeled vehicles with a maximum load of 19 tons (*see* Ordinance No. 700 of 1927 attached*).

Broadly speaking the safest way to protect roads is to lay down that the construction of the vehicles used thereon shall be such as will not cause abnormal wear of the roads, and this should apply not only to motor vehicles but also to horse, mule, or ox, &c., drawn vehicles.

It also is a recognised economic factor in haulage that the less the damage done to roads the less the maintenance and running charges for the vehicles, and therefore haulage companies arrange their speeds, and construction of vehicles, and size and width of wheels, and dimensions of tyres, &c., so as to reduce to the lowest possible figure the running and maintenance charges.

It was found in France during the war that the light Ford cars running at high speeds did far more damage to the roads than the heavy lorries carrying several tons, but running at governed speeds not exceeding 12 miles per hour, even though the Fords had pneumatic tyres and the lorries had solid tyres.

From the economic point of view in connection with the carriage of salts by motor lorries from the Dead Sea to nearest railway, during the first stage previous to the building of the railways proposed for such special service, a limitation to three-ton axle loads would very materially increase the costs of the salts delivered and gravely handicap the success of the scheme. It is therefore most strongly to be urged that the present regulations adopted this year by the British Ministry of Transport, after many years' practical experience, should be adopted also by the Government of Palestine.

23rd December, 1927.

DIRECTORS, &c.

Jewish Colonial Trust.
Feiwel, Dr. B.
Cowen, J., of J. Cowen & Co., Blouse Manufacturers; also a director of Anglo Palestine Co., and Civil Service Co-operative Society
Halpern, G., Also director of Anglo-Palestine Co.
Fischer, J., of Antwerp.
Ussuschkin, M .M., of Jerusalem; also director of Anglo-Palestine Co.
Naiditch, I. A., of Paris; also a director of Anglo-Palestine Co.

Ofenheim and Company Ltd.
Ofenheim, Dr. Ernest.

Palestine Economic Corporation.
Flexner, Bernard.
Lehman, Herbert H.
Marshall, Louis.
Szold, Herbert.
Meyer, Walter E. (Treasurer).
Singer, Paul (Secretary).
Berman, Oscar.
Billikof, Jacob.
Dressler, David M.
Epstein, Jacob.
Fohs, F. Julius. (*Note.*—A gentleman of this name made a report on Dead Sea Potash to the Zionist Organisation shortly after the War, a copy of which was communicated in confidence to the Dead Sea Mineral Resources Committee in London.)
Fuld, Felix.
Horowitz, Louis J.
Kirstein, Louis E.
Lampar, Samuel C.

* Not printed here.

Lowenstein, Louis G.
Rosenberg, James N.
Sadowsky, Reuben.
Selling, Benjamin.
Simon, Julius.
Strauss, Nathan, Jr.
Strauss, Lewis L.
Szold, Robert.
Untermyer, Samuel
Warburg, Felix M.
Zemurray, Samuel.

Leslie Urquhart.
Chairman of Russo-Asiatic Consolidated Ltd. and Var Oil Company Ltd.

C. 57075/28 [No. 2].

No. 15.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by No.* 17.]

(Confidential (C).)

MY LORD, Downing Street, 16th January, 1928.

I HAVE the honour to refer to your Lordship's telegram No. 168 of the 7th of September, 1927,* in regard to the proposed Concession for the extraction of salts from the water of the Dead Sea, and to transmit to you for consideration the accompanying copy of a letter† received from the Crown Agents, together with copies of the documents which accompanied that letter.

2. I shall furnish you in due course with any comments which my advisers may have to offer upon the various questions raised by these documents, but, as I understand that Mr. Novomeysky is about to proceed to Palestine, and as he will no doubt raise the question of the quantities to be inserted in th Concession as the minima which the Company will be required to produce, which, as you will observe from the notes by the Crown Agents on the draft Agreement and Concession, he desires to discuss, and possibly other questions connected with the proposed Concession, I have not delayed communicating the documents to you for examination by my advisers.

3. You will no doubt in due course furnish me with your views upon the draft Agreement and Concession and upon the subsidiary questions raised by the Crown Agents.

I have, &c.
(for the Secretary of State),
W. ORMSBY GORE.

C. 57075/28 [No. 13].

No. 16.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by No.* 17.]

(Confidential (D).)

MY LORD, Downing Street, 1st March, 1928.

I HAVE the honour to refer to my despatch Confidential C, of the 16th of January,‡ in regard to the proposed Concession for the extraction of salts from the waters of the Dead Sea.

2. With that despatch I enclosed a copy of a letter† from the Crown Agents and copies of certain documents which accompanied that letter, including a draft of the provisions of the proposed Concession and preliminary Agreement. Those documents have now been examined by my advisers and the following comments which I have to offer upon them may assist you in formulating your views.

* No. 12. † No. 14. ‡ No. 15

3. It is understood from the Crown Agents that it is most unlikely that they could obtain, by negotiation, better terms for the grant of a Concession than those set out in the draft forwarded in their letter of the 10th of January.* Many clauses in the Concession which, to all outward appearance, are entirely disconnected, have been linked up in the course of the negotiations between the Crown Agents and Messrs. Novomeysky and Tulloch, and the latter have given way on one clause in return for some concession to them by the Crown Agents on another clause. If, therefore, any important amendments are now to be made in the draft Concession much of the ground that has already been covered will have to be gone over again unless definite instructions are given to the Crown Agents that the Palestine and Trans-Jordan Governments have decided that certain amendments are considered essential and that, if the applicants are not prepared to accept these amendments, those Governments will not be prepared to proceed with the grant of the Concession. Subject to your concurrence, I propose that, when a decision has been taken as to the amendments considered to be essential, instructions on the lines indicated above should be given to the Crown Agents.

4. A further point which has engaged my attention is whether it is possible to provide in the Concession against the contingency that Messrs. Novemeysky and Tulloch may use their position to obtain, on the flotation of the Company which is to work the Concession, a large sum of money, or its equivalent in the form of shares as promoters' profits. I have with some reluctance come to the conclusion that it would not be practicable to guard in the Concession against this contingency. Even if a Clause were framed which to all appearances would attain the desired end, it is possible that the very transactions sought to be guarded against might still be successfully though secretly carried through.

5. Turning now to the details of the draft Agreement and draft Concession, I consider that Clause 1 (D) of the Agreement and Clause 17 of the Concession should be amended so as to provide that 50 per cent. of any capital issued after the subscription of the first £200,000 shall be offered for public subscription and that Palestinian citizens and Trans-Jordanian nationals shall have a prior right in allotment to 20 per cent. of all such public issues. I feel that the inclusion of a provision on these lines would, to some extent, afford an answer to the objections that are certain to be raised should the Concession be transferred to a syndicate largely composed of groups with Zionist connections.

6. The draft Agreement should include provision for its termination.

7. I am advised that the wording of Clause 1 of the draft Concession which was taken from Colonel Symes's despatch Confidential A of the 17th of June† is not altogether satisfactory. The form of wording has been accepted by Messrs. Novomeysky and Tulloch who may object to any amendments of substance, nevertheless it seems desirable that the clause should be amended so as to remove any doubt as to its meaning and at the same time to limit the amount of State land which the Company could obtain rent-free. I would therefore suggest that the clause should be reworded so as to make it clear that it only confers on the Company rights to an area free of rent (other than a peppercorn rent) of about 4 square kilometres of State land for evaporation purposes, and that the additional State land promised to the Company free of rent (other than a peppercorn rent) under the present wording of the clause is land, not for evaporation purposes, but for auxiliary works required in connection with the working of the 4 square kilometres. The Agreement should also provide that any additional State land which the Company required either for evaporation purposes or for auxiliary works, should be granted on terms to be agreed, which would normally include the payment of a fair rent based on the value of the site.

8. In line 7 of Clause 3 of the draft Concession the words "for commercial purposes" should be inserted after the words "any of them" in order to make it clear that the Government did not undertake to prohibit such a proceeding as the recovery of common salt from the waters of the Dead Sea by an individual for his own purposes and use.

9. I can see no reason why the Palestine and Trans-Jordan Governments should agree to the provision in Clause 8 of the draft Concession that no royalty should be payable during the first five years of the Concession. This condition did not appear in the application made by Messrs. Novomeysky and Tulloch for the grant of the Concession and it is, I consider, important that the Palestine and Trans-Jordan Governments should obtain some revenue out of the Concession as soon as possible. The argument used by the Concessionaires that in the early years they would pay large sums to the Government by way of petrol duty may or may not prove to be correct; but they should have been aware of this fact when they settled the terms of their application for the grant

* No. 14. † No. 9.

of the Concession. I consider, therefore, that payment of royalty from the time when production is started should be made an essential condition to the grant of the Concession.

10. I also consider that the provision in Clause 8 that any payment of royalty in excess of actual production may be set off in *any* subsequent year against the excess of production in such year beyond the specified output is open to objection. Provided that you agree, I think that this part of Clause 8 might be accepted subject to the substitution of the words " the subsequent year " for " any subsequent year."

11. The words " These royalties " in the last line but three of Clause 8 of the draft Concession should start a new line.

12. In Clause 20 (b) it should be made clear that the Government have the right to charge rent, &c., for any State lands which are granted to the Company for pillars, &c., in connection with aerial rope wires or telpherage.

13. It should be made clear that the exemption from taxation provided for in Clause 25 of the draft Concession does not extend to any income tax which may be levied in Palestine.

14. The provision in Clause 27 that all disputes between the Governments and the Company should be decided by the Supreme Court of Judicature in England except those which it is agreed to refer to an expert is not free from difficulty. Even if His Majesty and the Emir of Trans-Jordan submitted to the jurisdiction of the Courts in this country, no judgment could be enforced against them, though no doubt a judgment would be satisfied *ex gratia*. Further considerable inconvenience might be caused since it might become necessary to make available in this country evidence by Government officials whom it might not be convenient to spare from Palestine. It is understood from the Crown Agents that Messrs. Novomeysky and Tulloch attach considerable importance to this provision, but, if you are so disposed, I should be prepared to insist on its amendment.

15. I consider that a new clause should be inserted between Clauses 29 and 30 to the effect that the receipt by Government of payments under the Concession is not to imply the waiver of their rights in respect of any breach of the Concession.

16. When furnishing me with your views upon the draft Agreement and Concession and upon the subsidiary questions raised by the Crown Agents in the enclosures to my despatch Confidential C of the 16th of January* you will no doubt take into account the considerations which I have set out in this despatch.

I have, &c.,
L. S. AMERY.

C. 57075/28 [No. 29].

No. 17.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 3rd April, 1928.)

[*Answered by No.* 20.]

(Confidential.)

SIR, Government Offices, Jerusalem, 21st March, 1928.

Dead Sea Concession.

I REGRET that there has been some delay in replying to your two despatches on this subject dated the 16th of January* and Confidential " D " of the 1st of March† in which you ask me to express my views on the draft Concession forwarded with your first despatch which it is proposed to grant to Messrs. Novomeysky and Tulloch.

2. The matter, however, is manifestly one of enormous importance both to Palestine and Trans-Jordan and called for and has received the most careful and deliberate consideration.

3. I am aware that many of the provisions are in accordance with those indicated in Colonel Symes' despatch Confidential "A" of the 17th of June, 1927,‡ but in my opinion the Concession is not acceptable in its present form.

The capital suggested, £100,000, seems to me wholly inadequate for an undertaking of such magnitude and potentialities except for an experimental period of (say) ten years, and I consider it would be prejudicial to the interests of Palestine and Trans-Jordan to commit the enterprise for any further period to any concessionaires with capital of less than £1,000,000.

* No. 15. † No. 16. ‡ No. 9.

4. £100,000 may be all that would be required to be expended during the preliminary and experimental stage of the enterprise and with that amount assured a Concession and monopoly might be granted for ten years, but no longer.

5. In order to ensure that during that period the work is carried out in such a way as to give a correct appreciation of its commercial possibilities a minimum yearly output should be laid down.

After discussion with Messrs. Novomeysky and Tulloch it is considered the amount should be as follows :—

1st year	Preliminary preparations.
2nd year	
3rd year	1,000 tons.
4th year	1,500 tons.
5th year	3,500 tons.
6th year	5,000 tons.
7th year	5,000 tons.
8th year	10,000 tons.
9th year	10,000 tons.
10th year	10,000 tons.

After the tenth year considerably increased minimum quantities would have to be prescribed.

6. For any further period a capital of at least £1,000,000 should be assured.

It follows either that a single Concession might be granted to persons possessed of this capital, of which £100,000 only need be paid up during the first ten years; or that to persons possessed of the lesser amount what might be called an " experimental " Concession could be granted for a period of ten years, at the end of which period a further Concession on revised conditions and subject to the production of the larger capital would be offered.

7. Even with a capital of £1,000,000 I do not consider the total period of the Concession should be longer than fifty years or the total period of the monopoly more than twenty years.

8. I realise that Messrs. Novomeysky and Tulloch may decline to proceed with the Concession on terms such as those indicated above, and that no others may come forward in their place, and I quite appreciate that it is not in the interests of the people of Palestine and Trans-Jordan that such a potential asset as the products of the Dead Sea may prove to be should " lie fallow " for a number of years, but at the same time I feel that I should not be justified in giving my acceptance to any agreement which, binding as it would be for two or three generations, seems likely in my opinion to prove detrimental to them.

9. In the event of no applicants being forthcoming for the Concession on the lines indicated it is for consideration whether the Palestine Government should not itself undertake experiments for two or three years in the hope that these experiments, even though limited as they must necessarily be, might produce data which would induce capitalists to take up the enterprise on a scale adequate to its potentialities.

10. I have had all the clauses of the agreement forwarded with your despatch Confidential " C " of the 16th of January* considered carefully, and have had a memorandum prepared embodying the points to which exception is taken and which require elucidation, but I think it preferable to withhold this until a decision is arrived at on the main principle of the Concession as indicated in this despatch.

I have, &c.,
PLUMER, F.M.,
High Commissioner for Palestine.

C. 57075/28 [No. 31].

No. 18.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 19.]

GENTLEMEN, Downing Street, 13th April, 1928.

WITH further reference to your letter of 10th January,† I am directed by Mr. Secretary Amery to transmit to you a copy of a despatch‡ which has been

* No. 15. † No. 14. ‡ No. 17.

received from the High Commissioner for Palestine regarding the question of granting a Concession to Messrs. Novomeysky and Tulloch for the extraction of salts from the waters of the Dead Sea. A copy of the Secretary of State's despatch of 16th January* referred to by the High Commissioner was enclosed in the letter to you from this Department of 18th January,† and a copy of the despatch of the 1st March‡ was communicated to Sir Henry Lambert semi-officially on 3rd March.‖

2. Subject to any observations which you may offer, the Secretary of State proposes to reply to Lord Plumer pointing out that, provided that the clauses relating to minimum output and proper working are satisfactory and are implemented, the amount of the capital which the company may be able to obtain is not important to the Government, and that in fact it is rather to the advantage of the Government that the capital should be as small as is reasonably adequate for proper development, and that if the company proves a financial success during its first ten years, it should have no difficulty in securing from the public whatever further funds are needed for development. The Secretary of State would therefore be glad to receive the High Commissioners views on the other points and would prefer that the matter should not be dealt with piecemeal if it can be avoided.

I am, &c.,
J. E. SHUCKBURGH.

C. 57075/28 [No. 36].

No. 19.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 16th April, 1928.

I HAVE the honour to acknowledge the receipt of your letter of the 13th April,¶ respecting the question of a Concession for the extraction of salts from the waters of the Dead Sea, and to state that we concur in the terms of the proposed reply to the despatch from the High Commissioner for Palestine.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

C. 57075/28 [No. 38].

No. 20.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by No.* 22.]

(Confidential (B).)

MY LORD, Downing Street, 30th April, 1928.

I HAVE the honour to acknowledge the receipt of your Confidential despatch of the 21st of March** regarding the question of the grant of a Concession to Messrs. Novomeysky and Tulloch for the extraction of salts from the waters of the Dead Sea.

2. In that despatch you confined your observations to the question of the amount of the capital required for the operation of the Concession. I note your views on this point. I am anxious, however, to deal with the question as comprehensively as possible, and I should therefore be glad to receive your views at an early date on the other points connected with the draft Concession to which you take exception.

I have, &c.,
L. S. AMERY

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* No. 15. † C. 57075/28 [No. 3]: not printed. ‡ No. 16.
‖ C. 57075/28 [No, 18]: not printed. ¶ No. 18. ** No. 17.

C. 57075/28 [No. 48].

No. 21.

MR. M. A. NOVOMEYSKY to MR. A. J. HARDING (COLONIAL OFFICE).

DEAR MR. HARDING, 46, Southampton Row, London, W.C.1, 14th May, 1928.

REFERRING to the interview I had with you on Saturday last, I beg to confirm what I told you concerning our financial backing.

The Palestine Mining Syndicate Ltd. with a nominal capital of £100,000, of which £60,000 have been subscribed, was formed in 1924 for the purpose of assisting me financially in my experimental and other work relative to the exploitation of the Dead Sea, on which I had then already been engaged, at my own expense, for three years, and for carrying out the first stage of the undertaking on a commercial basis, as outlined in the Technical Report I submitted to the Crown Agents in October 1925.

In view of the satisfactory results secured from the experimental work on the Dead Sea which has been proceeding uninterruptedly since, the situation has somewhat changed. Whilst the Syndicate still give their fullest backing to the application submitted by me in conjunction with Major Tulloch, it is not contemplated by us that the Syndicate, as constituted at present, shall undertake the work when the Concession is granted.

It is proposed by us, in agreement with the Syndicate, that as soon as the Provisional Agreement with the Government is concluded, a new company be formed either in this country or in Palestine, in which British capital and British directors will predominate, or that the present Syndicate be reorganised along those lines. It is obvious that nothing can be done in the matter until the Provisional Agreement, which has been the subject of negotiations with the Crown Agents, acting on behalf of the Palestine and Trans-Jordan Governments, has been finally approved.

Yours, &c.,
M. NOVOMEYSKY.

C. 57075/28 [No. 55].

No. 22.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 30th May, 1928.)

(Confidential.)

SIR, Government Offices, Jerusalem, 17th May, 1928.

I HAVE the honour to acknowledge the receipt of your despatch Confidential B. of the 30th of April* regarding the question of the grant of a Concession to Messrs. Novomeysky and Tulloch for the extraction of salts from the waters of the Dead Sea.

2. You will note from the last paragraph of my Confidential despatch of the 21st of March† on this subject that I purposely withheld my views on points of detail until a decision was reached on the question of principle enunciated in paragraph 6 of my despatch. Indeed, a decision as to the general principle of the concession appears to be an essential pre-requisite to consideration of the details many of which will vary with that decision.

3. I am of course prepared to send you my views on points of detail in so far as it is possible to give them at present and I will do so by the next bag.

I have, &c.,
PLUMER, F.M.,
High Commissioner for Palestine.

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* No. 20. † No. 17.

C. 57075/28 [No. 57].

No. 23.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 12th June, 1928.)

[*Answered by No.* 26.]

(Confidential (C).)

SIR, Government Offices, Jerusalem, 1st June, 1928.

I HAVE the honour to refer to my despatch Confidential of the 17th of May* regarding the question of the grant of a Concession for the extraction of salts from the waters of the Dead Sea, and as promised in paragraph 3 of that despatch, to forward you a memorandum containing the views of this Government on points of detail.

2. I desire to emphasise again that although I have submitted comments on points of detail there can be no finality about these comments until the general principle of the Concession has been settled.

3. You will observe that as regards the method of sharing in profits (Clause 9) I have indicated two alternatives; and as regards the system of calculating royalties (Clause 8); I have made no specific proposals. I feel that I and my advisers are not in a position to offer serious criticisms on these matters on which I must therefore defer to you.

4. I take this opportunity of reminding you that the terms of the Concession have not been referred to the Trans-Jordan Government.

5. The careful consideration and prolonged deliberations which have been given to these questions have been necessitated solely by our concern for the interests of the people of Palestine and Trans-Jordan

I have, &c.,
PLUMER, F.M.,
High Commissioner for Palestine and
Trans-Jordan.

Enclosure in No. 23.

NOTE OF OBSERVATIONS ON THE DRAFT DEAD SEA AGREEMENT AND CONCESSION.

Draft Agreement.

The draft Agreement should include provision for its termination.

Draft Concession.

Clause 1.—The Company should pay rent for State Domains. This Clause should be reworded so as to make clear that it only confers on the Company rights to an area at a nominal rent of 4 kilometres of State land for evaporation purposes, and that additional State land promised to the Company at a nominal rent under the present wording of the Clause, is land not for evaporation purposes but for auxiliary works required in connection with the working of the 4 kilometres. The agreement should also provide that any additional State land which may be required, either for evaporation or for auxiliary works, should be granted on terms to be agreed upon, which normally should include a fair rent based on the value of the site. This Clause should also provide that any compensation payable to present occupants and the cost of expropriation of any land in private ownership should be borne by the Company.

Clause 3.—It should be made clear that the exclusive right of the Concessionaires to recover the mineral salts from the waters of the Dead Sea in no way limits the right of Government to grant mining licences for the area around the Sea. There is an existing lease by Government of a portion of Jebel Usdum, and the lessees hold a licence to collect salt there.

Clauses 3, 6, 8, and 25 should be brought into line on the basis of a concession for *all* or any minerals extracted; and for the payment of royalties on all or any

* No. 22.

minerals extracted. The actual system of calculating royalties should be further considered as this Government are not in a position to lay down what system will best safeguard the public interest.

Clause 4.—It should be made clear that the Company must pay, by way of lease or purchase, for all rights of way, land, and materials on and in private ownership required for the purpose of drilling for or obtaining water, or of quarrying.

Clause 6.—See the second paragraph of the note under Clause 3.

Default due to insufficient capital should be excluded from the proviso at the end of this clause.

Clause 8.—See the second paragraph of the note under Clause 3.

The provision whereby no royalty should be payable during the first five years is objectionable. The provision that royalty in excess of the minimum in any one year should be set off against a shortage in production in any subsequent year is also objectionable. The substitution of " the subsequent year " for " any subsequent year " is desirable.

An alternative method of calculating royalties which may be considered preferable is on the basis of tonnage production; that is, there would be a fixed rate of royalty on each ton of mineral salts produced; irrespective of sales or the selling price. It is suggested that this system would be an incentive to maximum production, and would help to stabilise the Government's expectation of revenue from royalties.

Moreover a high royalty on sales is uneconomic and might hamper the development of the undertaking; and it is for consideration whether a low royalty and a larger participation in profits would not be preferable from the point of view of the Palestine tax-payer.

It is suggested that the former alternative is complicated since the royalties have to be calculated on the value of the products at the Dead Sea and it would be simpler for Government to claim royalties on a tonnage basis.

Clause 9.—In accordance with the present draft royalties are calculated on an *ad valorem* basis and there is provision for Government participation in profits above a certain rate and final acquisition by the Government of the whole of the plant and works of the undertaking without payment.

An alternative system would be to charge lower royalties than are at present proposed and to share directly in the profits of the undertaking by having issued to the Government a proportion of the nominal capital without payment. At the termination of the concession the Company would liquidate itself and Government would be free to dispose of their holding.

It is suggested that the determination of excess profits is difficult and the control that would be required may be evaded.

With regard to the annual reserve of 10 per cent. for the cost of construction and equipment, it should be made clear that any withdrawals from the fund should be included in the gross receipts, as otherwise the creation of this fund will have the effect of reducing the profits in which Government would share.

Clause 12.—It would be clearer in paragraph *(a)* to specify the case of disposal, without the previous consent of Government, of any interest in the Concession.

Clause 14.—The reservation to the Company of any rights to precious metals, &c , to the same extent as it would be entitled apart from the Concession, is illusory. A lessee of land has no right to the minerals on or under it, since Article 12 of the Palestine Order in Council, 1922, vests all minerals and mines absolutely in the High Commissioner. The only derogation from that principle which is prescribed in the Mining Ordinance, 1924, is that the owner of *mulk* property is entitled to a major share of the royalties on minerals won from the land of which he owns the surface. The reservation therefore to the Government of all precious metals and minerals other than mineral salts should be absolute.

Clause 17.—This Clause should provide that the High Commissioner may require the Company to make available locally in Palestine and Trans-Jordan a portion of its capital issue. This could be done through the banks at Jerusalem and Amman.

Clause 19.—This Clause appears to be satisfactory. The Mining Ordinance does not apply directly to the Concession because minerals in solution are expressly excepted from its scope; but many of the provisions of the Ordinance and the Regulations under it would be suitable to the Concession.

Clause 20.—*(a)*. As it stands at present this Clause is inacceptable. Government might contribute towards the construction of the road to the extent of one half but the greater proportion of the cost of maintenance should be borne by the Company.

Clause 20.—*(b)*. It should be made clear that Government have the right to charge rent for any State lands granted to the Company for the erection of pillars, &c., in connexion with aerial rope wires or telpherage.

Clause 20.—*(c)*. This Clause must provide that the Government should have a determining voice in fixing the route and gauge of the railway, subject to the payment of any increased cost involved in the amendment of the Company's scheme; the question of such payment to be submitted in case of disagreement to the arbitration of a recognised British Railway expert.

This Clause should also provide for the acquisition by Government of the railway, if required for public purposes, on payment of compensation, and failing agreement, the amount of such compensation should be determined by arbitration of a recognised British Railway expert.

Clause 21.—The words " Ordinances and " might be inserted before the word " Regulations."

Clause 25.—See the second paragraph of the note under Clause 3.

The Company should be allowed no exemptions or abatements as regards any tax imposed by Government, whether on income or otherwise.

Clause 26.—The words at the end " or any other . . . . . unforeseen circumstances which the Government may reasonably consider to be beyond the control of the Company " would allow Government to take account of any inadequacy of the area suitable for evaporating-pans, provided Government were advised that such inadequacy was a sufficient reason for reducing the Company's obligations.

The suggestion that there shall be express mention on this point appears therefore to be superfluous.

Clause 27.—The provision in Clause 27 that the Law of England should apply to the interpretation and construction of the agreement is satisfactory but this Clause so far as it confers jurisdiction on the English Courts is likely to create an embarrassing precedent for concessions granted by the Palestine Government, since future concessionaires will demand similar reference of disputes to the English Courts.

It is not apparent why arbitration, which has been adopted in preference to judicial settlement in the Jordan and Auja hydro-electric Concessions, should be considered inappropriate to the treatment of disputes under the present Concession. It would be difficult for English Courts to try a dispute about land in Palestine; and the procedure for obtaining evidence, if it had to be called in any action in England, would be complicated.

The question should therefore be reconsidered.

Clause 29*a*.—The Secretary of State considers that a clause should be inserted between Clauses 29 and 30 to the effect that any payments received by the Government under the Concession should not be deemed to imply that the Government waive their right in respect of any breach of the Concession.

C. 57075/28 [No. 63].

No. 24.

MESSRS. HERBERT OPPENHEIMER, NATHAN AND VANDYK

to

COLONIAL OFFICE.

[*Answered by No.* 25.]

SIR, 1, Finsbury Square, London, E.C.2, 27th July, 1928.

Dead Sea Minerals Concession.

WE are instructed on behalf of Mr. Novomeysky and Major Tulloch to write to you upon this matter with regard to which our clients are without any communication from you or the Crown Agents since the beginning of the present year.

On the 10th January the Crown Agents wrote to us as Solicitors for Mr. Novomeysky and Major Tulloch, informing us that a copy of the revised draft of the provisions proposed for the Dead Sea Minerals Concession, which had been for some months the subject of a long and detailed discussion, had been submitted to your Department and the Governments of Palestine and Trans-Jordania for consideration.

Mr. Novomeysky and Major Tulloch thereupon proceeded to Palestine with a view to being available on the spot to give any information and participate if desired in discussions with the High Commissioner, the Chief Secretary and Technical

Advisers of the Government of Palestine, in reference to the points left open for determination, which are in effect referred to in the Crown Agents' letter of the 10th January.

Our clients arrived in Palestine in the latter part of January, and the position there is indicated by the letters of the 27th and 28th February and the 12th March, of which copies are enclosed.

The last-mentioned letter indicates the points that were understood by our clients to be left over for further consideration by the Governments concerned and your Department.

Our clients returned to England at the end of March, but since that time they have received no communication upon the subject matter of the draft, and have to all intents and purposes had to rely for their information as to the position upon the Official Reports of the House of Lords and the House of Commons, though they have at all times been available and anxious to discuss and bring to a conclusion any points remaining open on the draft Agreement.

We are now instructed to ask that our clients may be informed of the present position, and when it may be expected that the Agreement relative to the Concession will be completed.

You will appreciate the difficulties that are caused in making the necessary financial and technical arrangements, until the approximate date is known.

Yours, &c.,
[Signature illegible].

Enclosure 1 in No. 24.

From Major T. G. Tulloch,
Hotel Allenby, Jerusalem,

YOUR EXCELLENCY, 27th February, 1928.

Re: Dead Sea Concession Scheme.

MY colleague Mr. M. Novomeysky, and I, before the close of last year arrived an Agreement with the Crown Agents respecting the above.

A few points left over for personal discussion here with your Government.

For the sole purpose of this discussion I arrived in Jerusalem on the 26th of January and on the 30th of January I called, with Mr. Novomeysky, upon the Officer Administering the Government, who informed us that the Agreement and covering documents had been received and that a conference would be arranged with us at an early date.

Not hearing anything further, we wrote on the 17th February enquiring when we might expect the discussion, and on 21st of February we were informed that " it was hoped to arrange the interview very shortly."

As I have neglected my other business and private affairs for some considerable time for the sole purpose of assisting by personal attendance here, to expedite what I understand is considered of some importance to all concerned, I trust Your Excellency will forgive my asking that the discussion may be expedited and take place if possible this week in view of my departure for England in a few days.

I have, &c.,
T. G. TULLOCH.

His Excellency
The High Commissioner,
Government Offices, Jerusalem.

Enclosure 2 in No. 24.

Secretariat, Government Offices,

SIR, Jerusalem, 28th February, 1928.

I AM directed to refer to your letter of the 27th of February addressed to His Excellency The High Commissioner requesting an interview on the subject of the Agreement for the utilisation of minerals from the Dead Sea and to inform you that

His Excellency will grant Mr. Novomeysky and yourself an interview on Saturday the 3rd of March next at 11.00 hours.

I am, &c.,
E. MILLS,
for Chief Secretary.

Major T. G. Tulloch,
Allenby Hotel, Jerusalem.

Enclosure 3 in No. 24.

SIR, 12th March, 1928.

Re: Dead Sea Concession.

I BEG to refer to the interview which Major Tulloch and I had the honour of having with His Excellency The High Commissioner and yourself, when His Excellency suggested that we could submit, if we so desired, a memorandum on the above subject.

2. In a letter from the Crown Agents dated 10th January, 1928, we were informed that the Crown Agents had transmitted to the Palestine Government for consideration the arguments put forward by us with reference to the following Clauses which remained outstanding, namely :—

Preliminary Agreement (*d*) and Concession Clause 17	As to subscription in Palestine and Trans-Jordan.
Concession Clause 3	As to period of exclusive rights.
Concession Clause 6	Minimum production figures.
Concession Clause 20	Maximum axle load.

3. Of the above-mentioned four points, the last one dealing with Clause 20 of the Concession on the subject of maximum axle load, has been fully discussed between Major Tulloch and the Director of Public Works, and I understand that a satisfactory arrangement has been arrived at.

4. With reference to the important question of " minimum production figures " (Clause 6 of the Concession), I have had an opportunity of discussing this matter thoroughly with the Geological Advisor to the Government and with the Director of Public Works, and I feel that there is very little between our views now and a satisfactory arrangement ought to be reasonably possible.

5. With regard to Clause 3 of the Concession, dealing with the period of exclusive rights, I wish to reiterate the arguments put forward by me before the Crown Agents, namely, that it must take some eight years before the laying down of a railway or other expensive means of communication and transport can be decided upon and commenced and this would, on the basis of an exclusive licence of only twenty-five years, leave only about seventeen years for amortization of the large capital involved and interest. I would submit that such a period is far too short, and that it would in the nature of the case be extremely difficult to get such a scheme financed on the large scale that will be required. I would, therefore, urge once again that the period for the exclusive rights should be 35 years, or at the very least 30 years.

6. With reference to the question of subscription in Palestine and Trans-Jordan we have no objection whatever in principle to allowing a certain limited proportion of the capital of the Company offered for public subscription to be offered in Palestine and Trans-Jordan at the same time, if so required by the Government. In this connection, I would point out that it would be extremely inadvisable and impolitic to go to the public for subscription whilst the scheme is in the experimental stages.

As is apparent both from the Agreement and from the statement made by the Under Secretary of State in Parliament, the Concession must for some time be regarded as an experimental and speculative matter and therefore it would be inadvisable to ask now for public subscription for a scheme which may turn out to be a failure.

If the scheme should by any chance turn out to be a failure subscribers, more especially in this country and in Trans-Jordan, will endeavour to make the promoters and even the Government the scapegoat for their losses.

I would, therefore, suggest that the Clause be drafted in the manner above indicated so as to ensure that, if and when public subscription is opened, Palestine and Trans-Jordan may participate to a limited amount.

7. As I am remaining in this country for a few days longer, I shall be only too glad, should you so desire, to give any further explanations on the subject referred to in this letter

I have, &c.,
M. NOVOMEYSKY.

The Chief Secretary,
Government Offices, Jerusalem.

C. 57075/28 [No. 64].

No. 25.

COLONIAL OFFICE to MESSRS. OPPENHEIMER, NATHAN AND VANDYK.

GENTLEMEN, Downing Street, 6th August, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 27th of July* in regard to the proposed Concession for the extraction of salts from the waters of the Dead Sea and to inform you that he has received and considered the comments of the High Commissioner for Palestine on the draft documents submitted by the Crown Agents for the Colonies after their negotiations with Messrs. Novomeysky and Tulloch. It has, however, been found necessary to refer back to the Officer Administering the Government of Palestine on certain points and, in particular, to seek the concurrence of the Trans-Jordan Government in the proposals

2. Mr. Amery fully appreciates the need for expedition and he is impressing this on the Officer Administering the Government of Palestine.

I am, &c.,
A. J. HARDING.

C. 57075/28 [No. 59].

No. 26.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

[*Answered by No.* 30.]

(Confidential (B).)

SIR, Downing Street, 9th August, 1928.

I HAVE the honour to acknowledge the receipt of Lord Plumer's despatch Confidential C of the 1st of June† transmitting a memorandum containing his views on points of detail arising out of the draft preliminary Agreement and the draft Concession for the extraction of salts from the waters of the Dead Sea.

2. In Lord Plumer's Confidential despatch of the 21st of March‡ he furnished me with his views on the question of the amount of capital required for the operation of the Concession. I have given very careful consideration to those views which have been discussed with my Financial Adviser. I am advised that it is not practicable to adopt either of the alternatives that he proposed, namely, that a capital of £1,000,000 should be assured before the Concession is granted, or that alternatively a Concession for a period of 10 years only should be granted with the prospect of a further Concession thereafter on the production of capital of £1,000,000. As regards the former alternative I am advised that no financier would be prepared to guarantee now, before the results of the intervening stages of development are known, the production of capital of £1,000,000 in ten years' time; if the experience of the first ten years proves the undertaking to be profitable, the larger capital will no doubt be forthcoming, while no conditions could be imposed that would ensure the provision of such capital if the undertaking proved unprofitable. The guarantee in this respect must be looked for rather in the resources and standing of the financial supporters of the prospective Concessionaires, and I therefore propose that, subject to your concurrence and to that of the Trans-Jordan Government, it should be made an essential and prior condition of the grant of the Concession that Messrs. Novomeysky and Tulloch should produce such evidence as to the standing and financial stability of

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* No. 24. † No. 23. ‡ No. 17

their associates as will satisfy the Crown Agents that, so far as can be foreseen, those associates will be in a position to provide further funds as and when required for the stages of commercial exploitation.

3. As regards the second alternative, namely, that an experimental Concession should be granted, it would be in accordance with practice to grant a prospecting licence for a short term with provision for the grant of a Concession, in terms set out in a schedule to the licence, if applied for by the licensee before the end of the licence period. This procedure was, I understand, suggested by the Crown Agents to the prospective Concessionaires; but since their offer, which had been accepted in principle, was based on the definite grant of a Concession for 75 years, the point was not pressed when it was found that the Concessionaires were not willing to accept it.

I am, however, anxious to meet as far as possible the views expressed in Lord Plumer's Confidential despatch of the 21st of March,* and I therefore propose that a provision should be inserted in the Concession fixing a time (probably a time shortly before the Company are required to attain a minimum production of 50,000 tons per annum) at which the Company must satisfy the Government that they intend to erect plant, &c., adequate to produce that minimum yearly output, and that they can command the capital required for the construction of this plant and of any auxiliary works necessary for the stages of commercial exploitation. The penalty clause of the Concession might have to be amended so as to make it clear that the Government has the right to terminate the Concession if at the date fixed the Company failed to comply with these conditions.

4. In paragraph 5 of Lord Plumer's Confidential despatch of the 21st of March he suggested quantities of minimum output for insertion in Clause 6 of the draft Concession. That Clause, as drafted, provides for a period of construction of not more than three years from the date of the Concession, and lays down qualities of minimum production for 10 years thereafter. The table given in his despatch showed the first and second years as being occupied by preliminary operations, and gave minimum quantities of production for the third to tenth years inclusive, and stated that after the tenth year considerably increased minimum quantities would have to be prescribed. It is not clear to me whether it was his view that the maximum period for construction should be reduced from three years to two years, and if so whether this amendment was agreed with the prospective Concessionaires during their recent visit to Palestine. I shall be glad to have further information on this point, and also to be informed whether it is your view that the maximum output of 50,000 tons per annum should be reached after the tenth year dating from the grant of the Concession instead of from the commencement of operations, as proposed in the draft Concession.

5. I have given careful consideration to the proposal made in paragraph 7 of Lord Plumer's Confidential despatch of the 21st of March that the total period of the Concession should not be longer than 50 years, and that the total period of the monopoly should not be longer than 20 years. As the original offer made by Messrs. Novomeysky and Tulloch provided for a period of 75 years, and as that offer has been accepted in principle, I do not think that it would be practicable, at this stage, to call on the Concessionaires to accept a reduction in the term of their Concession. For the same reason it is, I am advised, impracticable to require them to accept the amendments which Lord Plumer suggested should be made in the clauses relating to the payment of royalties.

6. I now turn to the points of detail discussed in the enclosure to Lord Plumer's despatch Confidential C of the 1st of June.† I agree that Clause 1 of the draft Concession should be amended in the manner that he proposed, and also that Clause 3 should be so amended as to make it clear that the right of Government to grant mining licences for the area around the Dead Sea is not affected.

7. The amendment which Lord Plumer proposed in Clause 4 of the draft Concession is also accepted, but, as regards his second comment on Clause 6, I am advised that that clause as at present drafted excludes any claim by the Company that lack of sufficient capital could be regarded as a circumstance entitling them to an extension of the periods laid down in the production clause.

8. I note that Lord Plumer agreed with my view that objection should be taken to the provision that no royalty should be payable during the first 5 years, and also with my proposal for the amendment of Clause 8 of the draft Concession to make it clear that payment of royalty in excess of actual production can be set off against excess production during only the year subsequent to that in which the Company failed to produce the specified minimum output. As I have explained above, it is not

* No. 17.

† No. 23.

possible to base royalties on tonnage production irrespective of sales or selling price since the offer made by Messrs. Novomeysky and Tulloch, which was based on the price at the works of salts produced and sold, has been accepted in principle. I have, however, given careful consideration to the suggestion that, as an alternative to the proposals of the draft Concession in regard to royalties and profit sharing, lower royalties should be charged than are at present proposed, and the Government should share directly in the profits of the undertaking by having issued to it a proportion of the nominal capital without payment. On this point I am advised that it is preferable to retain the rates of royalty at present included in the draft Concession, since the Government is thereby assured of a certain annual income from the Concession, and any reduction in the royalty rates, while it might increase the revenue received by Government from the Concession if the venture were successful, would be more likely, having regard to the speculative nature of the enterprise, to result in a loss of revenue to Government as compared with that assured to them under the present terms of the draft Concession. As regards Lord Plumer's desire that the Government should share directly in the profits of the undertaking, it will, I am advised, be preferable for the Government to avail itself of the rights of option which were discussed in the notes submitted by the Crown Agents in January last, copies of which were forwarded to Lord Plumer in my despatch Confidential C of the 16th of January.* From those notes it will be observed that the prospective Concessionaires are prepared, when the Concession is being drafted in legal form, to discuss the inclusion of provisions giving the Government—

(i) the right to take up on most favoured terms a percentage of any capital issues made by the Company after the first stage of development; and

(ii) the option at a later date to convert into a holding of shares in the Company its financial interests by way of both share of profits and receipts of royalty.

I trust that you will be able to accept provisions on these lines as an alternative to the proposals put forward by Lord Plumer for direct sharing by the Government in the profits of the undertaking from the beginning.

9. The further point in regard to Clause 9, namely, that it should be made clear that any withdrawals from the reserve fund should be included in the gross receipts appears to be already covered by that Clause; but the point will be borne in mind if and when the draft Concession is put in legal form.

10. In the Concession in its final form Clause 12A will be framed in a standard form which will cover the point on which Lord Plumer commented. I agree that Clause 14 of the Concession should be amended in the manner which he suggested.

11. It is not clear from Lord Plumer's comment on Clause 17 of the draft Concession whether or not he agreed with my proposal that Clause 1(*d*) of the draft Agreement and Clause 17 of the Concession should be amended so as to provide that 50 per cent. of any capital issued after subscription of the first £200,000 shall be offered for public subscription, and that Palestinian citizens and Trans-Jordanian nationals shall have a prior right in allotment to 20 per cent. of all such public issues. This provision was proposed in part to meet the express wish of the Trans-Jordan Government that an opportunity should be given to people of that country to take up a certain number of shares in the Company formed to operate the Concession, and in part because I felt that the inclusion of a provision on these lines would afford a partial answer to the objections that are certain to be raised should a large proportion of the financial supporters of the prospective Concessionaires be groups with Zionist connections. I trust that in the circumstances this amendment will be acceptable to you and to the Trans-Jordan Government.

12. I am in some doubt as to Lord Plumer's intentions in regard to Clause 20 (*a*) of the draft Concession. That Clause provides that the Government will within two years from the date of the Concession make up the existing road from the Dead Sea to its junction with the Jerusalem-Jericho road so as to render it fit for heavy lorry traffic, and will so maintain the road so long as the Company requires to move its products by road transport. The Clause further provides for an advance of £5,000 by the Company to the Government towards the cost of the construction of the road, and provides that the Company shall pay the cost of the repairs of any extraordinary damage caused to Government roads by its traffic. Lord Plumer's comment on the draft Clause was that as it stands at present it is unacceptable, and that, while Government might contribute towards the construction of the road to the extent of one-half,

* No. 15.

the greater proportion of the cost of the maintenance should be borne by the Company. You will appreciate that it is necessary to put some definite proposal on this point before the prospective Concessionaires, and I should be glad to be informed whether it is intended that they should be informed that the Company must themselves make up the existing road and, if necessary, construct the new road, although it was agreed (see my telegram No. 166 of the 15th of August, 1927*) not to propose these obligations. It will also be necessary to inform the prospective Concessionaires exactly what measures the Government propose to take in the matter of providing roads or alternatively in the matter of making a contribution towards the cost of construction and maintenance of any roads provided by the Company. In this connection I have to inform you that, in their negotiations with the Crown Agents, Messrs. Novomeysky and Tulloch have argued that it is the duty of the Government to provide roads, and that, since the Company will make substantial contributions to Government revenue by way of the tax on petrol, no liability should be imposed on the Company for the construction or maintenance of roads.

When replying to this despatch you will no doubt suggest what figure should be inserted as the maximum axle load for vehicles employed by the Company on Government roads.

13. I note that Lord Plumer agreed with the amendment which I proposed should be made in Clause 20 (*b*) of the draft Concession, and I agree to his proposal for the further provision to be added to Clause 20 (*c*) and Clause 21.

14. I regret that, as at present advised, I am unable to agree to the proposal that Clause 25 of the draft Concession should be amended so as to make it clear that the Company would be allowed no exemption or abatement as regards any tax imposed by Government whether on income or otherwise. If this proposal were adopted, the Company would be left with no protection against any arbitrary taxation that might, in theory, be imposed in future, such, for example, as a high excise on salts which they produce. I trust that on reconsideration it will be agreed that Clause 25 as drafted should be allowed to stand subject to an amendment to make it clear that the exemption for which it provides does not extend to any income tax which may be levied in Palestine.

15. I note Lord Plumer's view that it is unnecessary to insert the provisions in Clause 26 suggested by Mr. Novomeysky, and that he saw no objection to the proposal for the insertion of a new Clause between Clauses 29 and 30 of the draft Concession.

16. I regret that, as at present advised, I am unable to agree to the proposal that Clause 27 of the draft Concession should be so amended as to lay down that any disputes arising under the Concession should be settled by arbitration. The object of an arbitration clause is, of course, to ensure a speedy and cheap settlement of a dispute; it is therefore particularly appropriate to technical matters; but experience has shown that, if applied to the decision of legal points, it often defeats its own object. Legal points can most properly be settled by Courts of Law, and I trust that on reconsideration it will be agreed that all such matters should be left for decision by the Courts of Palestine, with, of course, the right of appeal in such cases as the Law permits. In considering this point you will no doubt have regard to the arguments adduced in the notes put forward by the Crown Agents on Clause 27.

17. Negotiations for the grant of this Concession have inevitably been protracted, and it is now some 15 months since the offer made by the prospective Concessionaires was accepted in principle. I am therefore anxious that progress should be expedited, and I trust that you will find it possible to agree to the suggestions made in this despatch for the amendment of the draft preliminary Agreement and draft Concession, and also to obtain the concurrence therein of the Trans-Jordan Government at the earliest possible date. I should be glad if when replying to this despatch you would indicate which, in your opinion, of the proposed amendments to the draft Concession should be regarded as essential. In this connection attention is invited to paragraph 3 of my despatch Confidential D of the 1st of March,† where I indicated the advantages of giving the Crown Agents definite instructions that, if the Concessionaires are not prepared to accept amendments considered to be essential, the Palestine and Trans-Jordan Governments will not be prepared to proceed with the grant of the Concession.

* No. 11. † No. 16.

18. I would only add that, having regard to Lord Plumer's desire, with which I am in entire agreement, that the prospective Concessionaires should be assured of adequate financial support, I am causing further inquiries to be made into the financial standing of their backers.

I have, &c.,
L. S. AMERY.

C. 57075/28 [No. 66].

No. 27.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

[*Answered by No.* 30.]

(Confidential A.)

SIR, Downing Street, 21st August, 1928.

WITH reference to the final paragraph of my despatch Confidential B of the 9th of August* in regard to the proposed Concession for the extraction of salts from the waters of the Dead Sea, I have the honour to transmit to you certain details regarding the standing of the backers of Mr. Novomeysky and Major Tulloch communicated to me by the Crown Agents.

2. The Crown Agents have the names of the bankers of the companies described but do not propose to take up references until the terms of the Concession are settled.

I have, &c.,
L. S. AMERY.

Enclosure in No. 27.

JEWISH COLONIAL TRUST.

THE Jewish Colonial Trust (Juedische Colonial Bank) Ltd. was registered 28th March, 1899.

The authorised capital is £2,000,000 in shares of £1, of which £1,999,900 is in ordinary shares and £100 in founders. The issued and paid-up capital is £395,000.

The bank is largely interested in the Anglo-Palestine Company, Limited.

The bank is favourably regarded in banking circles and is considered good for all engagements entered into.

OFENHEIM AND COMPANY.

Ofenheim & Company Limited was founded in 1901 under the style of Ofenheim & Company, at 34, Bishopsgate, and it was registered as a private limited company 28th March, 1924, with a nominal capital of £400,000, Dr. Ernest Ofenheim being permanent governing director.

The company carry on business as financiers, merchants and concessionaries.

Dr. Ofenheim is well introduced in good commercial and financial circles, and the company is considered equal to its business undertakings.

COPY OF PRINTED STATEMENT FURNISHED BY THE PALESTINE ECONOMIC CORPORATION—MAY, 1927.

(*The date of the offer of shares mentioned below was stated to be about a year earlier.*)

$2,500,000.

PALESTINE ECONOMIC CORPORATION.

(Incorporated under the Laws of the State of Delaware.)

Common Stock.

The Palestine Economic Corporation will be organised under the Laws of Delaware with an authorised capital of $3,000,000, divided into 30,000 shares of common stock, each having a par value of $100, of which 25,000 shares are being offered at this

* No. 26.

time. The charter of the Corporation contains provisions for increasing the authorised capital from time to time, if and when the requirements of the Corporation make any such increase necessary.

Object.

The Corporation has been formed to afford an instrument through which American Jews and others who may be interested may give material aid on a strictly business basis to productive Palestinian enterprises and thereby further the economic development of the Holy Land and the resettlement there of an increasing number of Jews.

Board of Directors and Officers.

Thus far we have heard from the following, who have agreed to serve on the Board of Directors of the Corporation: A. G. Becker, David A. Brown, Jacob Epstein, Felix Fuld, Bernard Flexner, Louis J. Horowitz, Louis E. Kirstein, Herbert H. Lehman, Louis Marshall, Ben Selling, Samuel Untermyer, Felix M. Warburg, and Maurice Wertheim.

Other men of standing and responsibility in their respective communities are to be added to the Board, and a larger co-operating Council is to be formed, the effective co-operation and support of those throughout the country who are in sympathy with the objects of the Corporation being regarded as essential to success.

The following have agreed to serve as its officers:—

President	... ...	Bernard Flexner.
Vice-Presidents	... ...	Herbert H. Lehman. Louis Marshall.
Secretary	... ...	Joseph C. Hyman.

Consolidation of Effort.

Arrangements are now under way, looking toward the transfer to the Corporation of the assets in Palestine of the Reconstruction Committee of the Joint Distribution Committee, aggregating about $450,000 on a conservative valuation, in exchange for shares of the Corporation. It is expected that similar arrangements will be made with the Palestine Development Council and the American Palestine Company, whose purposes are not unlike those of the Corporation, with a view, not merely of strengthening the Corporation, but of increasing its usefulness and effectiveness for Palestine through united effort.

It is also expected that the Corporation will work in close co-operation with other agencies in Palestine, so that the activities there may be co-ordinated and unnecessary overlapping avoided.

Capital Required.

The attainment of the objects of the Corporation will depend mainly upon the amount of fresh capital that may be raised in America and the effectiveness with which such capital may be employed in constructive, productive work in Palestine.

It is the opinion of the organizers of the Corporation that subscriptions to shares in the amount of $2,500,000 are required in order to enable the Corporation to make an effective start and to be in a position to meet its possible requirements. One-fourth of the subscriptions now made will be payable on..... and the balance upon call. No call, however, is to exceed twenty-five per cent., and not more than one call will be made in any three months. In the absence of extraordinary demands, it is expected that the initial issue of shares offered will meet the Corporation's requirements for several years.

Plan of Operations.

The Corporation will devote itself exclusively to taking part in rebuilding Palestine on approved social and economic lines. Its purposes are not of a philanthropic character. It will aid only those enterprises whose management inspires confidence and gives promise of their productivity and permanent value to the country. The chief task will be to foster Palestinian undertakings through the extension of credit in various forms including, possibly, the purchase of securities. The Corporation will avoid the assumption of responsibility for the actual conduct of business of the enterprises which it may decide to further, since it will not be practicable for it to provide effective managerial administration for such enterprises.

While in the opinion of recent observers, Palestine offers an opportunity for safe business undertakings, it does not follow that all the enterprises which the Corporation will help would prove successful. Some, although useful, productive and financially reliable, may produce neither quick nor large returns. As is the case everywhere, the result of some of the work undertaken will be disappointing. But, notwithstanding the risks always present in business and despite the added risk inherent in the present state of Palestinian development, it is believed that a Corporation of the character contemplated will become a potent agency in the upbuilding of the country. The Corporation believes that its shareholders, present and prospective, will expect its funds to be so employed as to stimulate a healthy growth of industry and commerce rather than to realize the largest or quickest financial returns. It will be content if, by means of a conservative administration, it may keep its funds intact, accumulate sufficient reserves to enable it to provide against possible losses and other contingencies, and secure to its stockholders and investors a modest return upon their capital. The Corporation makes no promises or representations and gives no guarantees as to the outcome of its endeavours. It will, however, earnestly strive to make of itself a useful factor in promoting the welfare of Palestine.

PALESTINE ECONOMIC CORPORATION.

The following information was received by private enquiry through a financial agent in New York:—

"We are happy to answer your enquiry of 23rd May with regard to the officers and directors of the Palestine Economic Corporation of New York. Nearly all the names are well known to us as those of prominent Jews of this country—for the most part men of large means and responsible position. The President, Mr. Bernard Flexner, is a lawyer by profession but largely identified with sociological studies, especially juvenile delinquencies. Of the two Vice-Presidents Mr. Lehman is a banker of the firm of Messrs. Lehman Brothers, and Mr. Louis Marshall is one of the leading trial lawyers of New York. Among the directors we note the names of Mr. Louis J. Horowitz, president of one of the most important building construction companies. Mr. Louis E. Kirstein, the leading man in the management of large department stores in Boston; Mr. Samuel Untermyer, a prominent lawyer in New York and a man of large means; Mr. Felix M. Warburg, a member of the firm of Kuhn, Loeb & Company, chiefly noted, however, for his philanthropies; and Mr. Maurice Wertheim, a member of the firm of Hallgarten & Company, bankers.

While we are not sufficiently acquainted with the objects of the Palestine Economic Corporation to know how active any of the above gentlemen are in the management of its affairs, we feel no doubt that any undertakings duly authorised by them would be fulfilled."

From another source the following information has been obtained:—

"The officers and directors are said to be men of clear commercial records and successful in their respective lines. Some of them said to be influential men of large means. David M. Dressler is a successful insurance man at 75, Maiden Lane, City; Louis J. Horowitz is President of Thompson-Starrett Company, a large local enterprise. Bernard Flexner is a well known attorney at 40, Exchange Place; Samuel C. Lampar is interested in the Lampar Manufacturing Company, Broadway. Louis Marshall and Samuel Untermyer are members of the law firm of Guggenheimer, Untermyer and Marshall at 120, Broadway. James N. Rosenberg is a member of the law firm of Rosenberg and Ball. Rueben Sandowsky is a manufacturer of cloaks and suits. Nathan Strauss, Jr., and his family are connected with the large Department store of R. H. Macy and Co., City. Robert Szold is an attorney at 43, Exchange Place; Felix M. Warburg is a member of the large banking house of Kuhn, Loeb & Co., 52, William Street. Herbert H. Lehman is a member of the well known banking firm of Lehman Brothers, 16, William Street.

C. 57075/28 [No. 71].

No. 28.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 3rd September, 1928.)

[*Answered by No.* 29.]

(Confidential).

SIR, Government Offices, Jerusalem, 24th August, 1928.

I HAVE the honour to acknowledge receipt of your despatch Confidential " B " of the 9th August, 1928,* relating to points of detail arising out of the draft Concession for the extraction of salts from the waters of the Dead Sea.

2. The matters raised in your despatch are receiving the immediate attention of my advisers and myself. It is not possible for me to anticipate at the present moment the conclusions which will be reached after consideration of the debatable points both in relation to their commercial aspects and to their possible effects on public opinion in Palestine and Trans-Jordan.

3. As you are aware the Trans-Jordan Government have not yet been consulted in regard to the draft Agreement and the draft Concession. I am acquainting the British Resident at Amman with the terms of the various despatches which have been exchanged on the whole subject; and so soon as I am in a position to do so I shall issue instructions to the British Resident as to the advice to be given to the Government of Trans-Jordan in virtue of the provisions of Article 17 of the Agreement concluded between His Britannic Majesty and His Highness the Amir of Trans-Jordan.

4. In the circumstances revealed in the preceding paragraphs you will appreciate that it will not be possible for me to address you on specific points in the draft Agreement and Concession for some weeks.

I have, &c.,
H. C. LUKE,
Officer Administering the Government of Palestine
and Acting High Commissioner for Trans-Jordan.

C 57075/28 [No. 73].

No. 29.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

(Sent 3.30 p.m., 29th September, 1928.)

TELEGRAM.

No. 153. YOUR Confidential despatch 24th August.† Dead Sea Concession. I realise that points at issue require careful consideration but I am anxious to be in position when Parliament meets on 6th November to make some definite statement on subject. I hope, therefore, that I may receive your views not later than, say, 25th October. That would enable me to communicate further with prospective concessionaires with a view to reaching final decision before Session opens. AMERY.

C. 57075/28 [No. 76].

No. 30.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 22nd October, 1928.)

[*Answered by No.* 33.]

(Confidential A.)

SIR, Government Offices, Jerusalem, 11th October, 1928.

I HAVE the honour to reply to your despatch Confidential " B " of the 9th August, 1928,* concerning the draft preliminary Agreement and the draft Con-

* No. 26. † No. 28.

cession for the extraction of salts from the waters of the Dead Sea, to which I have given careful consideration.

2. I note that negotiations for the grant of the Concession have inevitably been protracted, and that it is now some 15 months since the offer made by the prospective Concessionaires was accepted in principle. I note also that had not that offer, based on the definite grant of a Concession for 75 years, been accepted in principle, it would have been in accordance with practice to grant a prospecting licence for a short term with provision for the grant of a Concession, in terms set out in a schedule to the licence, if applied for by the licensee before the end of the licence period.

I should have preferred the method of granting a prospecting licence had this method still been possible. Since it is not, however, my observations are necessarily limited to securing, so far as it may be possible in a Concession not founded on experiments conducted on a large scale, the objects—

(*a*) of obtaining as soon as possible the maximum development of this source of mineral wealth; and

(*b*) of obtaining for the Governments of Palestine and Trans-Jordan the maximum revenue possible throughout the period of the Concession.

3. I agree with the considerations advanced in paragraph 2 of your despatch except that I recommend that the Crown Agents should not only be satisfied with the ability of the prospective Concessionaires and their associates to provide further funds as and when required for the stages of commercial exploitation, but should also demand effective guarantees that the Concessionaires will be able to provide from time to time such funds as are necessary for the *maximum* utilisation of the natural resources placed at their disposal.

4. I note from the second part of paragraph 3 of your despatch under acknowledgment that you are prepared to insert provision in the Concession fixing a time at which the Company to be formed must satisfy the two Governments that they intend to erect plant, &c., adequate to produce the minimum yearly output of 50,000 tons, and that they can command the capital required for the necessary construction and any auxiliary works necessary for the stages of commercial exploitation. Here again I would suggest that regard be had to the conception of *maximum* development. I concur in your tentative proposal to amend the penalty clause so that the Governments have a safeguard in regard to the matters discussed in this paragraph.

5. With regard to the query raised in paragraph 4 of your despatch regarding Lord Plumer's intentions in his Confidential despatch of the 21st March last,* I am informed that Lord Plumer intended that the period of construction should be reduced to two years, and that Mr. Novomeysky accepted this condition when he visited Palestine at that time. I am also informed that Lord Plumer intended to recommend that the minimum production of 50,000 tons *per annum* should be reached in the eleventh year dating from the grant of the Concession.

6. I agree with you in thinking that it is not practicable now to reduce the period of the Concession from 75 years to 50 years. Neither do I see any particular objection to the grant of the Concession for 75 years seeing that Clause 12 of the draft Concession sets out the circumstances in which the Concession may be determined.

7. I note that you accept Lord Plumer's suggestions for amending Clauses 1, 3 and 4 of the draft Concession. I note also that you are advised that the second suggestion made by Lord Plumer upon Clause 6 is superfluous having regard to its present drafting.

8. With regard to Lord Plumer's alternative method of calculating royalties under Clause 8, I note that you are advised that it is preferable to retain the rates of royalty at present included in the draft Concession; and I agree that the Governments are thereby assured of a certain annual income from the Concession especially since the Governments are to participate in the profits of the Company. I consider, however, that the " remaining profits " for which provision is made in Clause 9 should be shared with the Governments in the proportions of 25 per cent. and 50 per cent. respectively in place of 20 per cent. and 40 per cent. as at present proposed.

On the point of royalties I assume that the Crown Agents have satisfied themselves that the proposed method of determining the value of each product for purposes of assessing royalty is practicable. I have not been able to ascertain whether or not there are regular market rates which might be taken as a basis for determining the royalty payable.

In any event, I am advised that it is most desirable that, quite apart from the right to determine the Concession under the terms of Clause 12 (*h*) of the draft, there should be some safeguard against deflation of selling price to any concern in which the principal shareholders of the Concession Company may be interested. I am advised

* No. 17.

that this safeguard can be given by amplifying Clause 7 of the draft to provide against the possibility of the grant by the Concession Company to any Company, person or undertaking, of preferential treatment both in regard to the supply of products and to the selling price of those products. Clearly such provision has a most important bearing upon the profits of the Concession Company in which the Governments participate; and I trust that you will cause steps to be taken to insert it in the Concession.

I have no objection to the inclusion in the Concession of provisions giving the Governments:—

(1) the right to take up to a percentage of the capital of any issues; and
(2) the option to convert their financial interests into holdings of shares.

It is, of course, most improbable that either Government will be able to take advantage of the former provision.

9. I note the terms of paragraphs 9 and 10 of your despatch and that Clause 12 (*a*) will therefore be framed to cover Lord Plumer's point, also that Clause 14 will be amended as he suggested.

10. I am informed that Lord Plumer did in point of fact agree with your proposal that Clause 1 (*d*) of the draft Agreement and Clause 17 of the Concession should be amended to give prior right in allotment to Palestinian citizens and Trans-Jordan nationals to the extent of 20 per cent. of public issues.

I have no objection to offer to the proposal that 50 per cent. of any capital issued after subscription of the first £200,000 shall be offered for public subscription.

It will, of course, be necessary to give adequate notice of impending issues, and proper facilities, to enable Palestinian citizens and Trans-Jordan nationals to participate should they so desire.

I am bound to say, however, that in my opinion the political value of the inclusion of provision on behalf of local inhabitants is not considerable in view of the small proportion of the capital, in relation to the whole, which their investing powers would enable them to command.

11. With regard to the questions of road construction and maintenance raised in paragraph 12 of your despatch, I am informed that to construct a road of approximately 10 kilometres in length capable of sustaining the traffic anticipated before the construction of a railway will require expenditure of about £25,000. It is my view that the prospective Concessionaires should be informed that the Palestine Government will require from them a sum of £12,500 as a contribution and not as an advance. A road between the Dead Sea and the Jerusalem-Jericho road serves no public interest. The present unmetalled road suffices for the needs of the tourist traffic and the existing salt undertaking which is utilising the salt rocks of Jebel Usdum; and I think it is unjustifiable to charge the whole cost of the proposed modern road to the Palestine taxpayer.

Once the road is constructed the Palestine Government will maintain it in proper condition.

The prescriptions for the special vehicles employed by the Concession Company on the public highways are as follow:

(*a*) Lorries—
Maximum axle load: 3½ tons with single pneumatic tires.
5 tons with double pneumatic tires.
(*b*) Six-wheel lorries: 6 tons on the four back wheels.
(*c*) Trailers: 3 tons on each axle.
(*d*) Lorries must be fitted with four-wheel brakes.
(*e*) Trailers must be fitted with brakes and articulated with the lorries for steering.
(*f*) The minimum radius of curves to be negotiated on the roads is 26 ft.
(*g*) Allowance must be made for a gradient on the roads of 1 in 8.
(*h*) Maximum speeds that will be permitted are—

(*aa*) Lorries 12½ miles per hour;
(*bb*) Lorries with trailers 10 miles per hour outside municipal areas and 8 miles per hour within municipal areas.

12. I note that you agree to Lord Plumer's proposal for the further provision to be added to Clause 20 (*c*) and Clause 21.

13. I accept the view, expressed in paragraph 14 of your despatch, that Clause 25 of the draft Concession should stand, subject to an amendment that the exemption for which it provides shall not extend to any income-tax that may be levied in Palestine. It is desirable that the territory of Trans-Jordan should also be named in this regard.

14. With regard to the question of disputes raised in paragraph 16 of your despatch I am advised that disputes would be of two kinds:—those involving consideration of purely legal issues, and those involving consideration of technical issues requiring adjudication by a specialist.

With regard to the former disputes I agree with you that these are matters for decision by the Courts of Palestine with, of course, the right of appeal in such cases as the law permits.

With regard to the latter disputes I have had regard to the arguments advanced by the Crown Agents on Clause 27. I agree that recourse to arbitration in technical matters may prove necessary; but I suggest that in an undertaking involving commercial and scientific enterprise it is essential to give precision to the term "technical." The draft Concession should, I submit, contain a definition of technical matters about which arbitration may be admissible, or should in Clause 27 make specific reference to those Clauses of the Concession, disputes about which must be referred to a specialist arbitrator. I naturally defer to your advisers on a matter of this sort.

15. The British Resident at Amman has been made aware of the developments this year towards the settlement of the protracted negotiations. I am sending him a copy of this despatch with instructions to communicate the contents confidentially to the Amir's immediate advisers. A copy of my letter to the British Resident is enclosed. You are aware of the general conditions to the grant of the Concession that were formulated by the Executive Council of Trans-Jordan. They were communicated to you with Lieutenant-Colonel Symes's despatch Confidential "A" of the 17th June, 1927.* You will no doubt in due course furnish me with the terms of the advice to be tendered to His Highness the Amir by His Majesty's Government under Article 17 of the Agreement between the United Kingdom and Trans-Jordan with regard to the grant of the Concession.

Since His Highness the Amir has undertaken to be guided by such advice, I assume that he will agree to grant the Concession in the same terms and by the same document as will be executed by the High Commissioner for Palestine. I am also advised that a grant by the High Commissioner and the Amir jointly in a single document would be normal in view of the undivided ownership of the two Governments in the waters of the Dead Sea.

I do not recommend the alternative course by which the Concession would be granted in two documents to be executed by the Palestine and Trans-Jordan Governments respectively, because that would involve either that the Concession Company would have separate relations with each Government or that the Trans-Jordan Government would acknowledge in the documents and therefore publicly that they vest the responsibility for their interests in the Palestine Government, either course being, in my opinion, open to serious objection.

Under the former alternative, it may be possible to effect an arrangement between the Palestine and Trans-Jordan Governments, which will not appear in the public documents, whereby His Highness the Amir will entrust the protection of Trans-Jordan interests in the Concession to the High Commissioner for Palestine.

16. In conclusion it is, I think, incumbent upon me to point out that the grant of this Concession to Messrs. Novomeysky and Tulloch will probably be most unpopular among large sections of the population of Palestine and Trans-Jordan. It is the more important that the financial stability of the prospective Concessionaires shall be above question and shall be guaranteed effectively; and I would therefore suggest, with reference to your despatch Confidential "A" of the 21st August last,† that it might be well to invite the Crown Agents to reconsider their intention not to take up references until the terms of the Concession are settled.

It is equally important that the Concession shall in the nature of its terms make it abundantly clear that the development of the Dead Sea minerals is designed primarily in the interests of the people of Palestine and Trans-Jordan.

17. The members of the Executive Council have considered the terms of this despatch, with which they are in agreement.

18 I shall be grateful if you will communicate to me at a convenient date the revised draft of the proposed Agreement and Concession.

I have, &c.,
H. C. LUKE,
Officer Administering the Government
of Palestine and Acting High Commissioner
for Trans-Jordan.

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* No. 9.

† No. 27.

Enclosure in No. 30.

(Confidential.)

BRITISH RESIDENT, AMMAN, 11th October, 1928.

IN continuation of my Confidential letter of the 24th August, 1928, regarding the Dead Sea Concession I now transmit a copy of a despatch I have addressed to the Secretary of State in reply to his despatch of the 9th August last.

2. You will see from paragraph 15 of the despatch that I have asked for the terms of the advice to be given to the Amir's Government under the Trans-Jordan Agreement with regard to this Concession.

3. Will you now please make the advisers of the Amir confidentially acquainted with the present position in all its details, making of course no communication concerning the substance of paragraphs 2, 15 and 16 of my despatch.

H. C. LUKE,
Acting High Commissioner
for Trans-Jordan.

C. 57075/28 [No. 77].

No. 31.

COLONIAL OFFICE TO CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 32.]

GENTLEMEN, Downing Street, 26th October, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 22nd of August* forwarding a copy of a despatch† sent to the High Commissioner for Palestine in regard to the draft preliminary Agreement and the draft Concession for the extraction of salts from the waters of the Dead Sea, and to transmit to you the accompanying copy of a despatch,‡ with enclosure, from the Officer Administering the Government of Palestine, submitting his observations on the points raised in the Secretary of State's despatch referred to above.

2. Mr. Amery would be glad to be furnished with your advice on Mr. Luke's despatch, in particular on paragraphs 3, 4, 5, 8, 11 and the first part of paragraph 16. As he is anxious to reach decisions on the outstanding points before Parliament reassembles, the Secretary of State would be obliged by a very early reply to this letter.

3. I am to add that when decisions have been taken on the points now referred to you, Mr. Amery intends to instruct the Officer Administering the Government of Palestine to invite the Trans-Jordan Government to agree to the terms of the present draft Agreement and Concession, and to obtain their very early concurrence therein, and, when replying, to indicate which of the proposed amendments to the draft documents are considered to be "essential."

I am, &c.,
O. G. R. WILLIAMS.

C. 57075/28 [No. 78.]

No. 32.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, S.W.1, 31st October, 1928.

I HAVE the honour to refer to your letter of the 26th October,§ requesting our advice on a despatch‡ from the Officer Administering the Government of Palestine respecting the proposed Concession for the recovery of salts from the waters of the Dead Sea.

2. With reference to paragraphs 3 and 4 of that despatch, we would observe that no Concessionaire can be expected to guarantee the maximum utilisation of the natural resources which might entail the production of all that it is physically possible to produce without reference to the commercial success of the undertaking. The most that can be expected is that the Concessionaire will produce all that can be produced profitably, and, as regards this, we consider that evidence of ability to provide further funds as and when required for the stages of commercial exploitation might be accepted

* C. 57075/28 [No. 70]: not printed. † No. 26. ‡ No. 30. § No. 31.

as sufficient when coupled with the provisions of Clause 7 which prohibit any arrangement for the restriction of output. Whatever the financial resources of the Concessionaire, he cannot be expected to enlarge operations which do not pay, but he may be expected in his own interests to expand, as far as possible, an enterprise which has been proved to be remunerative and he should have no difficulty in securing capital for that purpose. If he does not develop all the resources of the Dead Sea, provision is made in Clause 3 for the grant of rights to others after a period of 25 years. We appreciate the desire of the Palestine Government to secure maximum development; but, as stated in our note of January, 1928,* with reference to Clause 3 of the draft Concession, we do not think that any plans can be devised which would enable the Government to compel the holders of the Concession to develop such large resources fully if they are unable or unwilling to do so.

3. Paragraph 5 of the despatch under reference only says that Mr. Luke is informed that Mr. Novomeysky accepted when in Palestine the revised figures for production specified by Lord Plumer, but unless written evidence exists to the contrary we doubt whether he will admit having done so. If he did not, we are still of the opinion expressed in the last two paragraphs of our note of January, 1928, on Clause 6, namely, that Mr. Novomeysky's figures might be accepted since, apart from the technical question of probable normal output, it may reasonably be argued on his behalf that a minimum production, failure to produce which involves liability to forfeiture of the Concession, should be fixed considerably below the estimated probable normal production, and that if the Government is not prepared to accept his figures he should be given an opportunity of discussing the matter with experts. It seems to us bad policy to try to tie a Concessionaire down with great severity in the very early stages of development.

4. Paragraph 8 of the despatch proposes that the proportions for the division of surplus profits with the Government should be 25 per cent. and 50 per cent. respectively instead of the 20 per cent. and 40 per cent. provided for in the draft Concession. On this point we can only observe that the latter figures were those specified in the offer of Messrs. Novomeysky and Tulloch which was made in December, 1926, and accepted in principle after comparison with the offers of other tenderers, and we should not feel justified in proposing proportions more favourable to the Government since, as stated in our note of January, 1928, on Clause 9, those percentages were very clearly stated in their application, and their attitude throughout the negotiations has been that for an enterprise of this nature, and having regard to the royalty payable to the Government, in any case these proportions are the utmost that they can be expected to pay. As regards the assessment of that royalty, we are not sure that we understand Mr. Luke's point. We certainly think that, having regard to the various grades of and markets for potash, it would be very difficult, if not impossible, to take market rates as a basis for determining the rate of royalty payable. It was for this reason that provision was made in Clause 8 of the draft Concession for basing the value for royalty on the prices actually obtained by the Company during the previous half year. The risk of a reduction of the Government's share of revenue through sales being made at low prices to marketing or other companies in which the Concessionaire Company has an interest is one to which we gave very careful thought when negotiating the terms of the Concession, and it was with the object of reducing this risk to a minimum that we insisted on the inclusion of Clause 12 (*h*). We could not recommend the inclusion of a clause prohibiting preferential treatment, since in a commercial undertaking of this sort such treatment may and probably will be necessary for successful development. Thus, lower prices may be offered to large than to small consumers and cut prices may be needed to meet competition in certain markets. It would be possible to include a clause prohibiting preferential treatment except with the consent of the Government, but even if the Concessionaires were prepared to agree to this we think that it would be quite unworkable. We consider, therefore, that the risk in question can only be met by careful exercise by the Government, having regard to Clause 12 (*h*), of its right under Clause 10 to inspect the Company's accounts.

5. As regards Clause 11 of the despatch, the arguments used by the applicants in favour of the Government constructing the road required for the early years of development were set out in paragraph 12 of the Secretary of State's despatch of the 9th August,† and we have nothing to add thereto except that the proposed payment by them of £12,500 towards the cost of the road forms no part of the applicants' original offer. With regard to the prescription for the special vehicles to be employed by the

* No. 14. † No. 26.

Concession Company on the public highways, we would observe that the Palestine Government apparently contemplates the use of pneumatic tyres only. It is not possible to comment usefully on the proposals without more knowledge of the local conditions than we possess but the prescriptions do not seem to be unreasonable.

6. With reference to paragraph 14 of the despatch we agree that the term technical in relation to arbitration will require precise definition in the completed form of the Concession and we should propose to go fully into this point when it is prepared.

7. In paragraph 16 of the despatch it is suggested that we should re-consider our intention not to take up references until the terms of the Concession are settled. We can, of course, if desired refer to the Bankers of the applicants' associates without waiting for further negotiations. There is no doubt that some of those associates could produce very large sums of money indeed (see the memorandum which we sent over semi-officially on 3rd August*) but we would point out that evidence of their financial resources is of little value without their assurance that they are prepared to support the undertaking and that this assurance cannot in the nature of the case be obtained until the details of the Concession can be shown to them.

I have, &c.,
HENRY LAMBERT.

C. 57075/28 [No. 85.]

No. 33.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

(Sent 11.7 p.m., 14th November, 1928.)

TELEGRAM.

[*Answered by No.* 35.]

No. 184. IMPORTANT. Your despatch 11th October, Confidential A.† Dead Sea Salts Concession.

Paragraphs 3 *and* 4. If Company formed to work the Concession proves a financial success during early stages of commercial exploitation, it should have no difficulty in obtaining any funds required for maximum development. If, on the other hand, it is found that the operations do not pay no plan can be devised which would enable Government to compel the Company to enlarge operations on which they were losing money. In these circumstances, I consider that it is not necessary or practicable to adopt the suggestions made by you.

Paragraph 8. (*a*) I do not think it possible to adopt your proposal to increase the Government's share of "remaining profits," since the figures for which draft Concession provides are those specified in the offer made by Novomeysky and Tulloch which has been accepted in principle.

(*b*) Your point about difficulty of determining value of products for purposes of assessing royalty is not clearly understood. It is not intended to base royalties on "regular market rates" but on prices actually obtained by the Company which can be ascertained from their accounts.

(*c*) Risk that Government share of revenue might be reduced through sales at preferential treatment is impracticable since, in a commercial undertaking of this cession, and Clause 12 (*h*) of that document was inserted with the object of reducing that risk to a minimum. I am advised that clause suggested by you prohibiting all preferential treatment is impracticable since, in a commercial undertaking of this kind some such treatment may, and probably will, be essential for successful development. Thus, price to large consumers may be lower than that to small consumers, and cut prices may be needed to meet competition in certain markets. A clause prohibiting preferential treatment except with the consent of Government would, I am advised, be unworkable, and I consider, therefore, that the risk to which you refer can only be met by the careful exercise by Government, having regard to Clause 12 (*h*) of the draft Concession, of its rights under Clause 10 to inspect the Company's accounts.

* C. 57075/28 [No. 65]: not printed. † No. 30.

Paragraph 11. You propose that the Company should pay half cost of construction of road, but that Government should maintain it in proper condition when constructed. The effect of the draft Concession, on the other hand, is that Government will pay for construction, but that the Company will pay cost of repair of this or any other Government road due to extraordinary damage by traffic of Company. Latter arrangement might in the long run prove the more advantageous to Government, and as the original offer of Novomeysky and Tulloch did not contemplate any payment by them towards cost of construction, it would seem preferable to retain the provisions of Article 20 (*a*) of the draft Concession.

Paragraph 15. Since the agreement of 20th February with the Amir has not yet been ratified, question of tendering advice under Article 17 of that Agreement does not arise. The Trans-Jordan Government should, however, be invited to concur in the draft preliminary Agreement and Concession amended in accordance with previous correspondence. The reasons for which it is not possible to adopt your suggestions discussed earlier in this telegram should be explained to them. I agree with your view that the Concession should be granted in one document for both Palestine and Trans-Jordan. The Palestine and Trans-Jordan Governments should authorise the Crown Agents to grant this on their behalf.

Paragraph 16. Crown Agents have no doubt that if they now take up references they will find that many of the associates of Novomeysky and Tulloch could produce very large sums of money (see in this connection enclosures to my despatch of the 21st August, Confidential A*). But, as Crown Agents point out, such evidence is of little value without the assurance of those associates that they are prepared to support the undertaking. You will appreciate that such an assurance cannot be obtained until the details of the Concessions can be shown to the persons concerned. I consider therefore that, so far as concerns the standing and financial stability of the associates of Messrs. Novomeysky and Tulloch, the Palestine and Trans-Jordan Governments should rely on the inquiries which, as indicated at the end of paragraph 2 of my despatch of the 9th August, Confidential B,† will be made before the Concession is granted.

On the remaining points I accept views expressed in your despatch.

I am anxious to communicate with the prospective Concessionaires with as little delay as possible. I hope, therefore, that you will be able to obtain the very early concurrence of the Trans-Jordan Government in the terms of the draft Agreement and Concession, and that you will now be prepared to accept them on behalf of Palestine.—AMERY.

C. 57075/28 [No. 87].

No. 34

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 19th November, 1928.)

[*Answered by No.* 36.]

(Confidential "A.")

SIR, Government Offices, Jerusalem, 9th November, 1928.

I HAVE the honour to refer to my despatch Confidential "A" of the 11th October‡ concerning the draft preliminary Agreement and the draft Concession for the extraction of salts from the waters of the Dead Sea, and to inform you that I sent a copy of it to the British Resident, Amman, so that the advisers of His Highness the Amir might be made fully aware, in confidence, of the present position. I instructed the British Resident, however, to withhold any communication concerning the substance of paragraphs 2, 15 and 16.

2. The Chief Minister and the Chief Secretary of the Trans-Jordan Government urge that Clause 23 of the draft Concession should be amplified in such a way as to guard against any tendency on the part of Concessionaires to employ local Jewish labour to the exclusion of local Arab labour recruited from Trans-Jordan. I am, however, doubtful whether such a change is defensible, since the Concessionaires' works, at any rate for a long period, will be situated in Palestine.

3. The Chief Minister and Chief Secretary also represent that Clause 25 of the draft Concession should not be amended to provide for the payment of royalties on

* No. 27. † No. 26. ‡ No. 30.

all or any minerals extracted, as was suggested in the note on Clause 3 in the memorandum forwarded with Lord Plumer's despatch Confidential " C " of the 1st June,* on the ground that the amendment would prevent the Governments concerned from making any change in the excise duty on sodium chloride without incurring loss of revenue from salt extracted by the Concessionaires.

I am inclined to the view that it is unnecessary to provide for any royalty on common salt; it should suffice that excise duty will be payable on that product.

4. The Chief Minister and Chief Secretary suggest, and I agree, that arrangements be made to preserve the livelihood of the many persons who earn a pittance by evaporating salt from pans on the eastern shores of the Sea. The arrangement might appropriately be compensation, if this means of livelihood is altogether denied. But it is conceivable that the Concessionaires, if not undertaking the evaporation of salt themselves, would allow such persons to continue to work under licence.

I have, &c.,
H. C. LUKE,
Officer Administering the Government of
Palestine and Acting High Commissioner
for Trans-Jordan.

C 57075/28 [No. 90].

No 35.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 5.35 p.m., 21st November, 1928.)

TELEGRAM.

[*Answered by No.* 36.]

No. 185 OF 21ST NOVEMBER. Confidential. Your telegram of 14th November, No. 184,† Dead Sea Concession.

(1) I note the risk that the Government share of revenue might be reduced, though sale at preferential rate was present in mind of Crown Agents when negotiating draft Concession, and that Clause 12 (*h*) was inserted with object of reducing that risk to a minimum. I note also that you consider that risk of defeating price and output can be met by the careful exercise by the Government of its right under Clause 10 having regard to Clause 12 (*h*). But I suggest that Clause 12 (*h*) is a penal clause which apparently can only be applied in breach of Clause 7, and if Clause 7 provides no prohibition against deflation I am unable to see how if a breach is committed Clause 12 (*h*) can be invoked. It was of course not my intention that suitable addition to Clause 7 against deflation should restrict company from cutting prices in order to meet competition or reducing selling price to large consumers in the ordinary way of business; but it seems essential that a formula should be found for protecting Government interests from deflation otherwise, such as by arrangement with associated enterprise for disposal of products, so as to deprive the Government of its proper share of profits, and I would ask you to inform me what formula in this sense you would suggest.

(2) With regard to Trans-Jordan I learn that the Government attaches great importance to employment of proportion of Trans-Jordan labour (see my despatch of 9th November, Confidential A‡), and I should be grateful if you would consider the possibility of inducing the prospective company to give assurance on this point either in Concession or in some other effective manner. Such an assurance would have stimulating effect towards acceptance by the Trans-Jordan Government. I note your views as to application of Article XVII of Agreement, but in view of what happened in the de Valda case (your despatch 19th October, Confidential§) suggest that there are advantages in pursuing method prescribed in agreement.

(3) Suggest that in Clause 4 of the Concession the words " subject to existing right of user " be inserted after the word " obtained."

(4) Subject to the points raised above I accept your advice on representations made in my despatch of 11th October.‖

* No. 23. † No. 33. ‡ No. 34. § C. 59479/28 [No. 5]: not printed. ‖ No. 30.

(5) In view of points in my despatch of 9th November, Confidential A,† and in this telegram still needing precision, I will await the text asked for in paragraph 18 of my despatch of 11th October* in order to present it to the Trans-Jordan Government for their concurrence.—LUKE.

C. 57075/28 [No. 93].

No. 36.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

(Sent 8.45 p.m., 27th November, 1928.)

TELEGRAM.

[*Answered by No.* 38.]

No. 193. IMPORTANT. Your despatch of 9th November, Confidential A† and your telegram No. 185‡ Dead Sea Concession.

I do not think it desirable to adopt suggestion of Trans-Jordan Government that Clause 23 of the Draft Concession should be amended in the interest of Arab labour. The Concessionaires, like contractors for Haifa Harbour, must be left free to draw labour from any local sources. If, as is likely, Arab labour is cheaper than Jewish labour, the position envisaged by Trans-Jordan Government is unlikely to arise. An attempt will, however, be made to obtain an assurance from prospective Concessionaires, outside the terms of the Concession, that fair proportion of Arab labour will be employed.

As regards paragraph 3 of your despatch, it is not proposed to adopt suggestion that royalties should be paid on all minerals. Royalties will be payable only on potassium chloride, bromine, and magnesium chloride.

As regards paragraph 4 of despatch, Concessionaires will be asked to agree to insertion in draft Concession of provision that they will either (*a*) allow continuance of evaporation for production of common salt by persons who have an established right to conduct such operations, or (*b*) supply such persons with common salt at a nominal price.

I do not understand your statement in paragraph 1 of telegram No. 185 that Clause 12 (*h*) in draft Concession is dependent upon Clause 7. It appears that there may be some confusion between Clause 12 (*h*) and Clause 12 (*g*), latter of which is clearly dependent upon breach of Clause 7. Possibility of amplifying Clause 12 (*h*) in order to meet your views will be borne in mind by solicitors when drafting final document, but, as at present advised, I remain of view set out in my telegram No. 184§ that risk which you have in mind can only be met by careful exercise by Government of rights under Concession as now drafted.

Suggestion in paragraph 3 of your telegram will be adopted.

As regards paragraph 5 I will send by next mail revised drafts of preliminary Agreement and Concession incorporating amendments agreed on in correspondence between us, but I would strongly urge that opening of official negotiations with Trans-Jordan Government should not be delayed until that despatch arrives. If you are satisfied that it will be advantageous to approach the Trans-Jordan Government with an offer of advice under Article 17 of the Constitutional Agreement rather than with an invitation to them to concur in the draft documents, I will not raise objection.

I trust that it will now be possible to obtain very early concurrence of the Trans-Jordan Government.—AMERY.

C. 57075/28 [No. 94].

No. 37.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

[*Answered by No.* 43.]

(Confidential C.)

SIR, Downing Street, 29th November, 1928.

I HAVE the honour to refer to my telegram No. 193 of the 27th of November,‖ and to transmit to you the accompanying copy of a document¶ received from the

* No. 30 † No. 34 ‡ No. 35. § No. 33. ‖ No. 36.
¶ Enclosure in C 57075/28 [No. 91]: not printed.

Crown Agents for the Colonies showing the proposed heads of agreement for the Dead Sea Salts Agreement and Concession with the amendments agreed on in the course of correspondence between us.

2. No attempt has been made to carry out the suggestion made in the latter part of paragraph 16 of your Confidential despatch " A " of the 11th October* that the Concession should in terms make it clear that the development of the Dead Sea minerals is designed primarily in the interests of the people of Palestine and Trans-Jordan. I shall be glad to receive any more definite suggestions that you may have to offer on this point.

3. Before the enclosed documents can be executed it will be necessary for you to furnish me with the plan referred to in paragraph 1 of the draft Concession, and for both the Palestine and Trans-Jordan Governments to authorise the Crown Agents for the Colonies to sign the preliminary Agreement and Concession on their behalf. It would be convenient if you would submit the draft of the preamble which you would propose should be used.

I have, &c.,
L. S. AMERY.

C. 57075/28 [No. 96].

No. 38.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 2.59 p.m., 30th November, 1928.)

TELEGRAM.

[*Answered by No.* 41.]

No. 188 OF 30TH NOVEMBER. Confidential. Your telegram of 27th November No. 193,† Dead Sea Concession. Clause No. 12 (*g*) protects the Government in the event of breach of Clause No. 7, which as at present drafted only prevents the inflation of price(s), whereas improper deflation would be as prejudicial to the Government's interest as inflation. While it is possible that such deflation might be brought within the scope of Clause 12 (*h*), my advisers and I think the Government's interest will be more securely protected by the following addition to Clause 7. *Begins*: The Company shall not make any contract(s) or arrangement(s) with the intent of giving any undue preference in the disposal of its products to any Corporation, Association, or person in such a way as to deprive the Government of any profit(s) in which it would otherwise be entitled to participate. *Ends.*

A reservation might be added permitting reduction of the selling price(s) of the product(s) in the ordinary conduct of commercial enterprise(s).

I am endeavouring to obtain the concurrence of the Trans-Jordan Government in the draft document, but I anticipate that they will wish to see the complete document as drafted by your advisers. They are of course aware of the terms of the original draft and the substance of the amendments proposed and accepted.

C. 57075/28 [No. 97].

No. 39.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 40.]

GENTLEMEN, Downing Street, 6th December, 1928.

WITH reference to Colonial Office letter of the 3rd of December,‡ numbered as above, I am directed by Mr. Secretary Amery to transmit to you the accompanying copy of a telegram§ from the Officer Administering the Government of Palestine suggesting an addition to Clause 7 of the draft Concession for the extraction of salts from the waters of the Dead Sea.

* No. 30. † No. 36. ‡ C. 57075/28 [No. 95]: not printed. § No. 38.

2. Mr. Amery would be glad to be furnished with any comments that you may have to offer on the principle and policy underlying Mr. Luke's suggestion. In particular, having regard to paragraph 4 of your letter No. 0/Palestine 12a of the 31st of October,* he would wish to be advised whether that suggestion is a practicable one.

I am, &c.,
O. G. R. WILLIAMS.

C. 57075/28 [No.99].

No. 40.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 7th December, 1928.

I HAVE the honour to refer to your letter of the 6th December,† asking for our comments on the addition suggested by Mr. Luke to Clause 7 of the draft Concession for the extraction of salts from the waters of the Dead Sea.

2. The principle and policy underlying this suggestion appear to be identical with those by which we were guided when we insisted on the inclusion of clause 12 (*h*) (now 12 (*i*)) of the draft, which made the Concession liable to termination if the Company should " make such arrangements for the disposal of the Company's products as to deprive the Government improperly of any profits in which it would otherwise be entitled to participate."

3. After consulting our solicitors we are unable to see that the wording proposed by Mr. Luke offers any additional safeguard to the Government. Moreover, if that wording is adopted it will be necessary for the Government if it wishes to take action under the clause, to prove the intention of the Company to give undue preference, and proof of intention is always likely to be more difficult than proof of the mere fact that the Government has improperly been deprived of profits to which it would otherwise be entitled.

4. There would, of course, be no insuperable objection to transferring this provision from clause 12 (*h*) (now 12 (*i*)) to clause 7, but we should prefer to include it as a separate clause of the Concession, since the object of clause 7, viz., to prevent the " cramping " of the Palestine industry in the interests of other centres of production, is quite distinct from the object now in view. Moreover we should not advise the addition suggested by Mr. Luke as well as the present clause 12 (*i*), since the inclusion of two very similar provisions in two places would only tend to confuse and to throw doubt on their precise meaning.

5. If the Government still strongly desires to have a separate clause, we suggest that it should be in the following form :—

> The Company shall not make any contract(s) or arrangement(s) whether for disposal of the Company's products or otherwise such as to deprive the Government improperly of any profit(s) in which it would otherwise be entitled to participate.

If this is added as a separate clause, a similar reference to it in clause 12 will take the place of the details now given in clause 12 (*i*).

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

C. 57075/28 [No. 100].

No. 41.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 5 p.m., 11th December, 1928.)

TELEGRAM.

[*Answered by No.* 42.]

No. 198. 11TH DECEMBER. Important. Your telegram No. 188‡ Dead Sea Concession. I am advised that addition to Clause 7 suggested by you does not offer any safeguard not already provided by Clause 12 (*i*) of draft enclosed in my despatch

* No. 32. † No. 39. ‡ No. 38.

of 29th November, Confidential C.* Moreover under your wording Government would have to prove intention of Company to give undue preference and this would be more difficult than proof of fact that Government had improperly been deprived of profits. If you still wish to press your point of view I suggest that new clause should be inserted in following terms:

"The Company shall not make any contract or arrangement whether for disposal of the Company's products or otherwise so as to deprive the Government improperly of any profits in which it would otherwise be entitled to participate."

If this additional clause is inserted present clause 12 (*i*) will be replaced by a simple reference to the new clause.—AMERY.

C. 57075/28 [No. 102].

No. 42.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 12.55 p.m., 14th December, 1928.)

TELEGRAM.

No. 195. 14TH DECEMBER. Important. Your telegram of 11th December No. 198.† Recommend insertion of new clause as drafted by you. Reply to your despatch of 29th November, Confidential C* will follow in due course.

C. 67075/29 [No.3].

No. 43.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 29th January, 1929)

[*Answered by Nos.* 47 *and* 53.]

(Confidential.)

SIR, Government Offices, Jerusalem, 17th January, 1929.

I HAVE the honour to acknowledge the receipt of your despatch Confidential C. of the 29th November* and to enclose herewith the draft of a preamble, which at the same time incorporates a declaration (*vide* paragraph 2 of your despatch under acknowledgment) that the development of the Dead Sea minerals is a matter affecting the interests of the populations of Palestine and Trans-Jordan.

2. I have to suggest that the words "of Palestine" should be added after the words "the Government" in lines one, eight and thirteen of Article 20 (*a*), and that in Article 27 the words "or Trans-Jordan" should appear after the word "Palestine" in line three.

3. I hereby authorise the Crown Agents for the Colonies to sign the preliminary Agreement and Concession on behalf of the Government of Palestine, and I attach a copy of the Resolution of like import by the Government of Trans-Jordan.

4. With reference to paragraph 3 of your despatch under acknowledgment I enclose three sets of plans‡ (each of four sheets) on which I should be glad if you would cause the precise locality in question to be inserted and one of the sheets then to be returned to me.

I have, &c.,
J. R. CHANCELLOR,
High Commissioner for Palestine
and Trans-Jordan.

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* No. 37. † No. 41. ‡ Not reproduced.

Enclosure 1 in No. 43.

AN Agreement made..... ...between the Crown Agents for the Colonies.....acting for and on behalf of the High Commissioner for Palestine and the High Commissioner for Trans-Jordan (hereinafter called the High Commissioner) of the one part and.....

Whereas by the Mandate for Palestine it is prescribed that the Administration of Palestine shall take all necessary measures to safeguard the interests of the community in connection with the development of the country, and shall have full power to provide for public ownership or control of any of the natural resources of the country:

And whereas this provision of the Mandate applies also to the territory of Trans-Jordan and the Government of Trans-Jordan:

And whereas the minerals of the Dead Sea form part of the natural resources of Palestine and Trans-Jordan, and it is desired to provide for the public control of any Concession for the development thereof in the interests of the populations of Palestine and Trans-Jordan:

And whereas the Government of Trans-Jordan has requested the High Commissioner for Trans-Jordan to act on behalf of the Government of Trans-Jordan in the grant of any Concession for the development of these minerals.

Enclosure 2 in No. 43.

6th January, 1929.

IT has been decided to authorise His Excellency the High Commissioner for Trans-Jordan to inform the Secretary of State for the Colonies that the Trans-Jordan Government agree to the terms of the Dead Sea Concession, herewith attached, and authorise the Crown Agents to sign the preliminary Agreement and the Concession on her behalf, provided all rights and responsibilities resulting from said Concession are equally shared between Palestine and Trans-Jordan.

ABDULLAH.

Chief Minister.
(H. Khaled.)
Treasurer.
(Ibrahim.)
Director of Education.
(Adeeb.)

Cadi El Codah
and Minister of Justice.
Chief Secretary.

Director of Land Registry
Department.
(Tewfik Aboul Hoda.)

C. 67075/29 [No. 7].

No. 44

MESSRS. HERBERT OPPENHEIMER, NATHAN AND VANDYK to COLONIAL OFFICE.

[*Answered by No.* 45.]

Herbert Oppenheimer, Nathan & Vandyk,
SIR, 1, Finsbury Square, London, E.C.2, 7th February, 1929.

Palestine—Dead Sea Salts Concession.

IN accordance with the request made by the Crown Agents for the Colonies for information regarding the financial backing of our clients, Mr. M. A. Novomeysky and Major T G. Tulloch, as a preliminary to entering into negotiations for the conclusion of an Agreement, we addressed a letter to them dated 13th April, 1927, as per copy enclosed.

In view of the questions raised in the House of Lords and the House of Commons as to the identity of our clients' financial supporters and of certain changes since we wrote to the Crown Agents almost two years ago, we are instructed to submit to you the following information on this matter.

The Jewish Colonial Trust Ltd. and Mr. Leslie Urquhart, both of London, remain members of the Syndicate with the same subscription as before, the Palestine Economic Corporation of New York has increased its subscription from £10,000 to £25,000, and the place of Messrs. Ofenheim & Co., Merchant Bankers, of London, has been

taken by Messrs. Pauling & Co., Ltd., Public Works Contractors, of London, who have increased the subscription previously held by the former from £15,000 to £20,000. Two other firms, Messrs. Basil Montgomery & Co., and Messrs. C. Tennant, Sons & Co. Ltd., both of London, have also joined the Syndicate. Copies of their letters of subscription and that of Messrs. Pauling & Co., Ltd , will be found enclosed herewith.

Our clients' principal financial supporters are, therefore, now as follows:—

The Jewish Colonial Trust Ltd., London.
The Palestine Economic Corporation, New York.
Messrs. Pauling & Co., Ltd., Public Works Contractors, London.
Messrs. C. Tennant, Sons & Co. Ltd., London.
Messrs. Basil Montgomery & Co., London.
Mr. Leslie Urquhart, Chairman of the Russo-Asiatic Consolidated Co. Ltd., London.

We are further instructed to state that it is not contemplated by our clients that the Palestine Mining Syndicate Ltd., which was formed some years ago for the purpose of assisting Mr. Novomeysky financially in his experimental and other work relative to the utilisation of the waters of the Dead Sea (on which he had been engaged at his own expense for three years), should operate the Concession when granted. It is proposed that as soon as the provisions of the Agreement, prepared by the Crown Agents in January, 1928, are finally approved by the Secretary of State, and a formal Agreement is concluded, and signed, a new Company should be formed in this country or in Palestine, whichever may be found more convenient, for the purpose of taking over and working the Concession.

We are also to state that it is the intention of our clients, in agreement with their financial supporters, that the Articles of Association of the Company which is to be formed should contain a provision to the effect that the Chairman of the Company should be a British subject, and that British subjects or British and Palestinian subjects together should form a majority on the Board of Directors of the Company.

You will, of course, realise that until the precise terms of the Concession are definitely known and agreed, it is neither necessary, nor indeed practicable, to raise the full amount of capital required to operate it. Our clients are, however, aware of additional subscriptions which, as soon as the document under discussion is definitive, will enable them to fulfil their financial obligations thereunder.

Yours obediently,
HERBERT OPPENHEIMER.

Enclosure 1 in No. 44.

(For attention of Mr. Ransom.)

SIR, 13th April, 1927.

Palestine—Dead Sea Minerals.

REFERRING to the Colonial Office's letter to our Client, Mr. Novomeysky, of the 9th April,* and to Mr. Novomeysky's conversation with you yesterday, we are instructed to say that he is expecting shortly to receive from you as arranged, addressed if you please to us, draft of heads of proposed Concession.

We are also desired to take this opportunity of confirming that in November, 1924, the Palestine Mining Syndicate Limited was incorporated in Palestine with a capital of £100,000 with the object of acquiring in due course the Concession which it is proposed should be granted to Mr. Novomeysky in conjunction with Major Tulloch.

We are further instructed to say that of that capital of £100,000 the sum of £60,000 has already been subscribed, and to enclose letters from the Principal subscribers, who, in addition to Mr. Novomeysky himself are:—

The Jewish Colonial Trust Ltd., of London.
Messrs. Ofenheim & Co., Ltd., Merchant Bankers, of London.
The Palestine Economic Corporation Ltd., of New York.
Leslie Urquhart, Esq., Chairman of the Russo-Asiatic Consolidated Ltd., of London,

which confirm the statements made in our Client's application as to his financial responsibility.

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* No. 7.

You will appreciate that up to this point it has neither been necessary nor practicable to raise the full amount required for the carrying out of the programme of work outlined in the application.

We are to add, however, that our client's financial backing is such that when the draft Concession is in its final form and before it becomes effective, he will be prepared to satisfy the Crown Agents if so desired that the necessary capital will be available as and when required for carrying out the programme as set out in Mr. Novomeysky's application.

Yours obediently,
HERBERT OPPENHEIMER, NATHAN & VANDYK.

The Secretary,
The Crown Agents for the Colonies,
4, Millbank, Westminster, S.W.1.

Enclosure 2 in No. 44.

Basil Montgomery & Co.,
77, Cornhill, London, E.C.3
23rd January, 1929.

(Reginald Boulton.)
(Elsey W. Fradgley.)
(William L. Nicholas.)
(Bertram G. Mitford.)
(Robert B. FitzGerald, M.C.)
(Guy F. Cobbold.)

DEAR SIR,

Dead Sea Concession.

REFERRING to the information which we have before us and the discussion we have had with you we are pleased to subscribe herewith £2,000 to shares of your Company, the Palestine Mining Syndicate Ltd.

This subscription may be transferred to a new Company which, we understand, will be formed for working the Concession when the latter is granted to yourself and Major Tulloch jointly.

We shall be glad to consider an increase in our subscription when the Concession is actually granted and its terms prove to be satisfactory.

Yours, &c.,
BASIL MONTGOMERY & Co.

M. A. Novomeysky, Esq., M.I.M.M.,
76, Holland Road,
W.14.

Enclosure 3 in No. 44.

C. Tennant, Sons & Co. Ltd., 9, Mincing Lane,

DEAR SIR, London, E.C.3, 25th January, 1929.

Dead Sea Concession.

AFTER having considered your scheme for the manufacture of potash and other chemicals from the waters of the Dead Sea in Palestine, we write to inform you of our decision to participate in your undertaking by making a subscription of £5,000 to your present Company, the Palestine Mining Syndicate Ltd., or to a new Company which may be formed by you for taking over and working the Concession.

You will appreciate our difficulty in the way of subscribing a larger amount at present, owing to our ignorance of the nature of the terms of the Concession which is to be granted.

Provided the Concession Agreement does not contain any points which may place difficulties in the financing of the scheme on a larger scale later on, we shall be prepared

to consider an increase in our subscription when the Concession is actually granted to you and Major Tulloch.

Yours, &c.,
for C. Tennant, Sons & Co. Ltd..
E. W. D. TENNANT,
Director.

M. A. Novomeysky, Esq., M.I.M.M.,
76, Holland Road,
W.14.

Enclosure 4 in No. 44.

Pauling & Co. Ltd., 26, Victoria Street,
Westminster, S.W.1, 7th February, 1929.

DEAR SIR,

Dead Sea Concession.

IN view of the interest your undertaking may have for our firm as Public Works Contractors, we shall be pleased to participate in the said undertaking and herewith subscribe 20,000 shares of £1 each to your Syndicate.

This subscription may be transferred to another Company which, we understand, will be formed when the Concession is finally granted to you and Major Tulloch.

When the terms of the Concession are available we shall be glad to discuss with you the possibility of taking a more substantial interest in the affair.

Yours, &c.,
Pauling & Co. Limited,
P. BAXTER,
Acting Secretary.

M. A. Novomeysky, Esq., M.I.M.M.,
76, Holland Road,
W.14.

C. 67075/29 [No. 8].

No. 45.

COLONIAL OFFICE to MESSRS. HERBERT OPPENHEIMER, NATHAN, AND VANDYK.

GENTLEMEN, Downing Street, 11th February, 1929.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 7th of February* conveying certain information regarding the financial backing of our clients, Mr. M. A. Novomeysky and Major T. G. Tulloch, and regarding your clients' proposals as to the formation and the composition of the Board of Directors of the Company, which it is proposed should operate the Dead Sea Salts Concession.

2. These matters are receiving consideration.

I am, &c.,
H. R. COWELL.

C. 67075/29 [No. 10].

No. 46.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 11th February, 1929.

WITH reference to Colonial Office letter of the 3rd of December,† I am directed by Mr. Secretary Amery to transmit to you a copy of a despatch‡ from the High Commissioner for Palestine and Trans-Jordan conveying the authority of the Governments of these territories for the signature of the preliminary agreement and concession for the extraction of salts from the waters of the Dead Sea.

* No. 44. † C. 57075/28 [No. 95] : not printed. ‡ No. 43.

2. The three sets of plans referred to in that despatch are also enclosed.

3. A further letter will be addressed to you shortly in regard to the communication which it will now be necessary to address to Messrs. Novomeysky and Tulloch; and action on the High Commissioner's despatch should await the receipt of that communication.

I am, &c.,
H. R. COWELL.

C. 67075/29 [No. 12].

No. 47.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 4 p.m., 26th February, 1929.)

TELEGRAM.

[*Answered by No.* 50.]

(No. 31.)

YOUR despatch of the 17th of January, Confidential,* Dead Sea Concession. Solicitors of prospective Concessionaires have informed me of changes among financial supporters of their clients. These appear to be satisfactory, and Solicitors also state that Concessionaires intend of their own free will to include in Articles of Association of Company which is to be formed to operate Concession provision that Chairman shall be British subject, and that British subjects or British subjects and Palestinian citizens together shall form majority of Directors.

An attempt to obtain further information on these points will be made when Concessionaires call at Colonial Office on 27th February. As soon as possible after that date Concessionaires should be given revised draft Concession for acceptance or rejection which will be final. Two points demand further consideration before revised draft can be finally settled.

(1) I am advised that reference to Mandate in preamble forwarded with your despatch of 17th January is undesirable and seems to introduce unnecessary complications. The Mandate may limit but is not sole or principal authority for grant of Concessions. Moreover, fourth recital in draft preamble makes High Commissioner for Trans-Jordan an Agent for a disclosed principal with result that proceedings so far as they relate to Trans-Jordan would have to be by or against Amir. It is therefore proposed (*a*) to omit all recitals; (*b*) in first paragraph of draft Preamble forwarded by you to describe the Crown Agents as acting for and on behalf of Palestine and Trans-Jordan Government; and (*c*) in body of agreement to provide that in all matters falling thereunder (unless otherwise provided in the agreement) the officer for the time being administering the Government of Palestine and acting as High Commissioner for Trans-Jordan shall represent the two Governments.

(2) I am advised that the proposed insertion of words " or Trans-Jordan " in line 3 of Article 27 would give either party to agreement option of bringing any case in Courts either of Palestine or Trans-Jordan as they felt inclined. It seems preferable to retain only first sentence of Article 27, and in separate Article to provide for limited reference to arbitration as in present draft. If agreement is made in this form question of competent Court would be one of law. This may lead to difficulties, but I can see no alternative unless you accept submission to Courts of one territory as is provided in present draft.

Unless you see strong objection it is proposed to amend draft Preamble and Article 27 as indicated above. In view of urgency I shall be grateful for very early reply to this telegram.—AMERY.

C. 67075/29 [No. 14].

No. 48.

COLONIAL OFFICE to MR. M. NOVOMEYSKY.

[*Answered by No.* 56.]

DEAR MR. NOVOMEYSKY, Downing Street, 27th February, 1929.

As I promised in the course of our discussion this afternoon, I enclose herewith a copy of the revised draft† of the provisions of the proposed Dead Sea Salts

* No. 43. † Not printed.

Concession. The amendments which have been made are underlined in red ink. The draft enclosed was drawn up in November last. Since that date one further amendment has been made in the draft Concession at the request of the local Governments. This is that a new clause shall be inserted in the following terms:—

"The Company shall not make any contract or arrangement whether for disposal of the Company's products or otherwise, so as to deprive the Government improperly of any profits in which it would otherwise be entitled to participate."

In consequence of the insertion of this additional clause the present Clause 12 (i) will disappear, and will be replaced by a simple reference to the new clause.

As I explained this afternoon, there are still under discussion with the local Governments two more points, one of which may lead to further amendment of the draft concession.

You will understand that the enclosed copy of the revised draft of the Concession is sent to you merely in order to enable you to come to a more definite understanding with those persons whom you hope will become Directors of the Company to be formed to operate the Concession. If and when you are in a position to furnish satisfactory information on this point and also as to the person to be Chairman of the Company, an official communication will be made to you through the Crown Agents for the Colonies.

Yours, &c.,
J. E. SHUCKBURGH.

C. 67075/29 [No. 15].

No 49.

MR. T. I. K. LLOYD (COLONIAL OFFICE) to MR. H. C. RANSOM (CROWN AGENTS FOR THE COLONIES).

[*Answered by No.* 52.]

DEAR RANSOM, Downing Street, 27th February, 1929.

As I told you on the telephone this afternoon, we have to-day had an interview with Messrs. Novomeysky and Tulloch. I enclose a copy of a letter* which Sir John Shuckburgh has sent to Mr. Novomeysky. This will, I think, make the position clear. The document enclosed with that letter was one of the two copies of the latest revised draft which were enclosed in Sir Henry Lambert's letter of the 23rd November.† The reference in the letter to Mr. Novomeysky to two further points which are described as being under discussion with the local Governments may puzzle you, but this should be made clear to you when you receive a copy of the Secretary of State's telegram No. 31 of the 26th February‡ to the High Commissioner for Palestine.

There is one further point that I should mention now. You will remember that in the Secretary of State's telegram No. 193 of the 27th November§ (of which copy was sent to you on the 3rd December last) it was stated that an attempt would be made to obtain an assurance from the prospective Concessionaires, outside the terms of the Concession, that a fair proportion of Arab labour would be employed on the works. Mr. Novomeysky to-day stated that he was quite prepared to give such an assurance, but it would, I think, be advisable to have this confirmed by an exchange of letters before the Concession is granted. Do you think that we should raise this point or would you do so when you communicate the terms of the draft Concession to Messrs. Novomeysky and Major Tulloch officially?

Yours, &c..
T. I. K. LLOYD.

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* No. 48. † C. 57075/28 [No. 91]: not printed. ‡ No. 47. § No. 36.

C. 67075/29 [No. 18].

No. 50.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 3.27 p.m., 28th February, 1929.)

TELEGRAM.

[*Answered by No.* 55.]

No. 29 OF 28TH FEBRUARY Your telegram of 26th February No. 31,* Dead Sea Concession.

(i) Unless you see strong objection I should prefer to retain the third recital preamble. (ii) I agree that the Crown Agents should be described as acting for and on behalf of the Palestine and Trans-Jordan Governments. (iii) I agree that in the body of the Agreement it shall be provided that the Officer for the time being administering the Government of Palestine and acting as High Commissioner for Trans-Jordan shall represent the two Governments. (iv) With regard to Article 27 I agree that the words " or Trans-Jordan " need not be inserted in line 3 but suggest that there should be a proviso to the effect that any action between the Government and the Company concerning immovable property in Trans-Jordan shall fall within the jurisdiction of the Trans-Jordan courts.—CHANCELLOR.

C. 67075/29 [No. 19].

No. 51

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 7th March, 1929.

I AM directed to Mr. Secretary Amery to refer to the letter from this Department of the 28th of February,† covering a copy of a telegram‡ addressed to the High Commissioner for Palestine on the subject of the Dead Sea Salts Concession and to transmit to you the accompanying copy of Sir John Chancellor's reply.§

2. It will be seen that the High Commissioner has accepted two of the suggestions made in Mr. Amery's telegram No. 31 of the 26th of February† for the amendment of the draft Concession and preamble thereto. Mr. Amery agrees that, as is now suggested by Sir John Chancellor, the third recital in the draft preamble and Article 27 of the draft Concession should be retained, a proviso being added to that Article in regard to action concerning immovable property in Trans-Jordan.

3. As regards (iii) in the enclosed telegram, I am to explain that it is intended that the person for the time being administering the Government of Palestine and acting as High Commissioner for Trans-Jordan shall, by agreement of the parties, be put into the position of a principal, shall be empowered to do any act or thing under the Concession so as to bind the two Governments and to sue and be sued with the title of High Commissioner. Consequently the words " between the Government and the Company " in (iv) of the enclosed telegram should be read as " between the High Commissioner and the Company."

4. A further letter will be addressed to you as soon as possible in regard to the communication to be made to Messrs. Novomeysky and Tulloch.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 23].

No 52.

MR. H. C. RANSOM (CROWN AGENTS FOR THE COLONIES) to MR. T. I. K. LLOYD (COLONIAL OFFICE).

DEAR LLOYD, 4, Millbank, Westminster, London, S.W.1, 7th March, 1929.

As requested by you verbally, I have shown Novomeysky the plans which accompanied the High Commissioner's despatch of the 17th January,‖ and he agrees with our view that the exact area had better be defined a little later on. These plans

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* No. 47. † C. 67075/29 [No. 16]: not printed. ‡ No. 47. § No. 50. ‖ No. 43.

show very little, and Novomeysky is quite prepared to agree that any public roads and buildings shown thereon shall be retained for public use; but he has pointed out that some of the tracks would almost certainly cross areas necessary for his evaporation pans, and we have agreed together the following form of inquiry which I suggest that you should telegraph to the Government of Palestine:—

"With reference to paragraph 4 of your despatch of the 17th January it is proposed that exact location of land leased should be agreed between Government and Company after execution of preliminary agreement and not marked on plans now. Your plans will be attached to agreement to show parts reserved by Government for roads or other public facilities, but it is assumed that tracks indicated thereon by chain lines will be given up where they would cross areas mutually agreed for evaporation pans."

As regards the last paragraph of your letter of the 27th February,* we certainly think that the proposed exchange of letters giving an assurance outside the terms of the Concession that a fair proportion of Arab labour will be employed on the works should, as being a matter of policy, be arranged by you with Mr. Novomeysky and not left to be done by us when we communicate the terms of the Concession officially. We understand that, and I have told Mr. Novomeysky that, our part in the matter will now be limited to the employment of our solicitors in drafting the Agreement and Concession in legal terms without any alteration in the sense of or any addition to the approved form which we expect to receive from you in due course.

Yours, &c.,
H. C. RANSOM.

C. 67075/29 [No. 24].

No. 53.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 8.15 p.m., 8th March, 1929.)

TELEGRAM.

[*Answered by No.* 54.]

No. 39. YOUR despatch of 17th January Confidential,† Dead Sea Salts. Crown Agents have discussed with Novomeysky question raised in paragraph 4. It is proposed if you concur that exact location of land to be leased should be agreed between Government and Company after execution of preliminary Agreement and should not be marked on plans now. Plans which you forwarded will be attached to Agreement in order to show parts reserved by Government for roads and other public facilities, but it is assumed that tracks indicated thereon by chain lines will be given up where they cross areas mutually agreed for evaporation pans. Please telegraph reply as soon as possible.—AMERY.

C. 67075/29 [No. 28].

No. 54.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 2.33 p.m., 9th March, 1929.)

TELEGRAM.

No. 34 OF 9TH MARCH. Your telegram of 8th March No. 39.‡ Dead Sea Salt. I concur.—CHANCELLOR.

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* No. 49. † No. 43. ‡ No. 53.

C. 67075/29 [No. 26].

No. 55.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential B.)

SIR, Downing Street, 12th March, 1929.

I HAVE the honour to refer to your telegram No. 29 of the 28th February,* regarding the Dead Sea Salts Concession and to transmit to you the accompanying copy of a letter† addressed to the Crown Agents for the Colonies from which you will observe that I have agreed to the adoption of the suggestions made in the sections of that telegram numbered (i) and (iv).

2. In my telegram No. 31 of the 26th of February,‡ I informed you that the solicitors of the prospective Concessionaires had reported changes among the financial supporters of their clients, which appeared to be satisfactory, and had intimated that their clients intended in due course to make certain provisions regarding the Chairman and directorate of the Company which would be formed to operate the concession. I transmit herewith, for your information, a copy of the letter,§ with its enclosures, received from Messrs. Herbert Oppenheimer, Nathan and Vandyk, the firm of Solicitors in question, and certain details, communicated to me by the Crown Agents, regarding the standing of the new financial supporters of the prospective Concessionaires.

3. In my telegram of the 26th of February I also stated that Messrs. Novomeysky and Tulloch were to call at the Colonial Office on the following day. These gentlemen were unable to give definite replies to the questions put to them about the Chairman and Directorate of the proposed Company unless they could first be furnished unofficially with a copy of the draft Concession as now revised. Their wishes on this point have now been met and Mr. Novomeysky has promised to furnish more definite information as soon as he is in a position to do so. It was intimated to him and to Major Tulloch that the revised draft Concession represented the best terms on which the Palestine and Trans-Jordan Governments were prepared to give and that when the document was communicated to them officially through the Crown Agents, they would be asked to accept or reject these terms since it would not be possible to treat them as the basis of further negotiations.

4. In the course of the discussion the prospective Concessionaires stated that they were prepared to give an assurance, outside the terms of their Concession, that a fair proportion of Arab labour would be employed. In this connection attention is invited to my telegram No. 195 of the 27th of November last.‖

5. The opportunity was taken to raise with Messrs. Novomeysky and Tulloch the question of the claim which is being made by a French group to possess a valid pre-war Concession for the extraction of a certain class of salts from the waters of the Dead Sea. You will be aware of the position in that matter from the correspondence enclosed in my despatch Confidential B. of the 5th of March.¶ Messrs. Novomeysky and Tulloch were informed that although His Majesty's Government held the view that the French claim had no legal sanction they could not ignore the possibility that the French Government might refer the matter to the Permanent Court of International Justice at The Hague and that the judgment of that Court might be contrary to the view held by His Majesty's Government. The prospective Concessionaires stated that they were willing to bind themselves by a separate agreement, outside the Concession, to place the Palestine and Trans-Jordan Governments in a position to take any action that might be necessitated by an adverse judgment of The Hague Court.

6. I shall communicate with you again when I receive the further information which Mr. Novomeysky has promised to furnish in regard to the Chairman and Directorate of the Company which is to operate the Concession. If that information is satisfactory the revised draft Concession will be communicated officially to Messrs. Novomeysky and Tulloch through the Crown Agents.

I have, &c.,
L. S. AMERY.

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* No. 50. † No. 51. ‡ No. 47. § No. 44. ‖ No. 36.
¶ C. 67055/29 [No. 6]: not printed.

[C. 67075/29 [No. 11].]

Enclosure in No. 55.

MESSRS. C. TENNANT, SONS AND COMPANY LIMITED.

This is a private company registered April, 1907, with a nominal capital of £200,000 increased from time to time and on 20th September, 1928, to £510,000 in £1 shares of which 115,800 shares have been issued for payment in cash and 305,000 issued and allotted for consideration other than cash.

The company are merchants and agents in chemicals, iron ferro-manganese, steel, copper, tin, &c., and insurance brokers. They represent Tennants Estates Limited, Tharsis Sulphur and Copper Company Limited, The United Alkali Company Limited, The Steel Company of Scotland Limited, The British Hydraulic Foundry Company Limited, The Workington Iron Company Limited, The North West Rivet and Nut Factory Limited.

The business was established by Charles Tennant about 1798. Their London offices are at 9, Mincing Lane, E.C.3, and they are represented at Cardiff and Birmingham, and have associated companies in New York and Christiania. They are also at Lloyds.

They are of favourable commercial repute and are considered good for their usual business engagements.

Directors:—

Wm. Augustus Tennant, Oxford House, Ayley, Bishops Stortford.
Charles Atkins, Ferntower, Caterham Valley.
Rt. Hon. Christopher Grey Tennant (Baron Glenconner), Glen, Innerleithen, N.B.
Ernest Wm. Dalrymple Tennant, Standon Lodge, Standon, Herts.
Wm. Harmer Weatherley, Sunnyside, Luphill, Chepstow.
Chas. Ernest Atkins, Pinnacles, Tonbridge, Kent.

MESSRS. PAULING AND COMPANY LIMITED.

This is a private company registered 14th September, 1894, with a nominal capital of £80,000 which has been increased from time to time and on 5th May, 1899, to £300,000 in £10 shares, all of which have been taken up and issued in cash. The Company are in an important way of business as railway contractors, &c. They bear a first-class reputation and are considered good for their engagements.

The directors and their holdings are as follows:—

	Shares.
John Scott, 56, Nightingale Lane, S.W.3.	2,442
Baron Emile Beaumont d'Erlanger (formerly von Erlanger—British naturalised), 139, Piccadilly, W.	15,187
Dr. Wm Tennant Pauling, 26, Victoria Street, S.W. (deceased) ...	200
Walter Cyril Tomlinson, "Bastika," Broom Road, Teddington ...	108
Baron Frederic Alfred d'Erlanger (formerly von Erlanger—British naturalised), Park House, Rutland Gate, S.W.	663
David Lyell, 15, Essex Villas, Kensington, W.	200

Certain mortgages and charges were registered in 1914, but were all satisfied in 1915.

MESSRS. BASIL MONTGOMERY AND COMPANY.

This is an old-established firm carrying on the business of stock and share brokers. They are Members of the Stock Exchange and said to be of good reputation. No definite information is available as to the financial standing of the firm but they are considered on the Stock Exchange quite good for their commitments.

The partners are:—

Sir B. T. G. Montgomery, Bart.,	who became a Member		in	1881.
R. Boulton,	,,	,,	,,	1901.
W. L. Nicholas,	,,	,,	,,	1899.
B. G. Mitford,	,,	,,	,,	1887.
E. W. Fradgley,	,,	,,	,,	1896.
R. B. FitzGerald,	,,	,,	,,	1907.
G. F. Cobbold,	,,	,,	,,	1913.

C. 67075/29 [No. 32].

No. 56.

MR. M. NOVOMEYSKY to SIR J. SHUCKBURGH (COLONIAL OFFICE).

[*Answered by No.* 59.]

DEAR SIR JOHN, 76, Holland Road, London, W.14, 13th March, 1929.

WITH your letter of the 27th February* you were good enough to send me a copy of the revised draft of the provisions of the proposed Dead Sea Salts Concession. which we have now had an opportunity of considering with care. I trust you will allow me at this stage, in order to expedite matters, to submit some observations on the proposed Agreement for your consideration.

You will of course appreciate that some of the revisions made by the Palestine and Trans-Jordan Governments make the document, which we already considered sufficiently onerous, even more difficult, but we are anxious, after so long a delay, to see the matter brought to a conclusion, and, therefore, do not wish to raise any points except a few which we regard of some importance.

As regards paragraph I (*d*) of the Heads of the preliminary agreement, which is repeated in paragraph 17 of the heads of Concession, we assume that the statement of 50 per cent. means "not less than 50 per cent." This, we think, is merely a drafting point.

We think the figure of £200,000 rather on the low side and for this reason: in substance our project is to be divided into two stages—the preliminary stage, which will require a relatively small amount of capital and the full working stage which will require anything up to £1,000,000. For various rsasons we would like to have available for the first undertaking rather more than previously intended, namely, £200,000 to £250,000. We should therefore desire the £200,000 to be made £250,000, since clearly it would be impossible to offer for public subscription such a small amount as £25,000.

We also wish, though without raising any difficulty about it, to draw your attention to the way in which the clause might operate in the event of a large public issue being made, for instance, of another £750,000 over and above the original £250,000. If the whole of such £750,000 were issued to the public, Palestinian citizens and Trans-Jordan nationals would have a prior right in allotment to £150,000. We have no objection to Palestine and Trans-Jordan taking £150,000, but it seems to us to be somewhat disproportionate to the capital resources of these two countries and therefore suggest for your consideration whether this figure of 20 per cent. should not be reduced to 10 per cent. To give a prior right in allotment to those who cannot reasonably be expected to take up such allotment would involve great practical difficulties in making any public issue.

It is observed that Clause I of the heads of Concession, where referring to additional State lands which may be required, makes mention of "a fair rent based on the value thereof." It is, of course, assumed that the value in question is the value of the present time and not as it may be at some later date, when it may have greatly increased as the result of our efforts. This would mean that our company were being asked to pay on values created by itself.

We are not quite clear as to what is meant by the reference to the "collection of salts in the above," made in Palestine to Clause 3. If this means rock salt, for which there are or may be leases granted, then of course there is no objection, but it ought to be specifically stated.

We take it that the document which you have sent me is regarded as heads for a formal agreement, and some mere drafting points can be considered in their proper place.

I hope very shortly to let you have definite information as to the Directors of the Company. I have so far been prevented from making final arrangements by the absence of those whom I wished to consult, and the illness of others.

Yours &c.,
M. NOVOMEYSKY.

* No. 48.

C. 67075/29 [No. 34].

No. 57.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 3 p.m., 18th March, 1929.)

TELEGRAM.

[*Answered by No.* 58.]

No 44. CONFIDENTIAL. My telegram No. 31* Dead Sea Salts. Novomeysky has raised four points in connection with revised draft Agreement and Concession of which copy was enclosed in my despatch of 29th November, Confidential C.† If you and Trans-Jordan Government concur I propose to agree—

(*a*) that figure of £200,000 in Clause 1 (*d*) of preliminary Agreement and in Clause 17 of Concession be increased to £250,000 on ground that capital required for experimental stage must be increased to latter amount; and

(*b*) that in calculating any " fair rent " based on land value as provided for in last line but four of Clause 1 of draft Concession any increase in value due to operations of Concession Company shall be ignored. Novomeysky asks that calculations should be based on present land value but this seems unacceptable as values may in meantime appreciate through causes other than Company's operation. Novomeysky's other requests are—

(*c*) that in Clause 1 (*d*) of preliminary Agreement and Clause 17 of Concession the percentage of public issues reserved for Palestinians and Trans-Jordanians should be reduced from twenty to ten; and

(*d*) that Clause 3 of Concession (last four lines) should be amended so as to make it clear that Government will grant licences for mining of rock salt alone. If it is desired I am prepared to refuse former request. As regards the latter the addition to Clause 3 was made in view of comments in enclosure to Lord Plumer's despatch of 1st of June Confidential C‡ and should I presume be retained.

Please telegraph at an early date whether you concur.—AMERY.

C. 67075/29 [No. 36].

No. 58.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 4.20 p.m., 19th March, 1929.)

TELEGRAM.

[*Answered by No.* 61.]

No. 38 of 19th March. Confidential. Your telegram of 18th March No. 44,§ Dead Sea Salts Palestine and Trans-Jordan Governments concur in your proposed action regarding points (*a*) and (*b*). As regards point (*c*) I would prefer on political grounds that 20 per cent. should be reserved for Palestinians and Trans-Jordanians for specified period(s) so that in the possible event of full quota not being taken up by local investors portions not taken up could be made available for other investors. If this is not feasible reduction to 10 per cent. might be agreed to. As regards point (*d*) addition to Clause 3 should be retained.—CHANCELLOR.

C. 67075/29 [No. 41].

No. 59.

COLONIAL OFFICE to MR. M. NOVOMEYSKY.

SIR, Downing Street, 27th March, 1929.

I AM directed by Mr. Secretary Amery to refer to your letter of the 13th of March‖ to Sir J. Shuckburgh regarding the revised draft of the Dead Sea Salts Concession of which a copy has been communicated to you semi-officially.

* No. 47. † No. 37. ‡ No. 23. § No. 57. ‖ No. 56.

2. Your requests that certain amendments should be made in that document have been considered and the Palestine and Trans-Jordan Governments have now agreed that—

(i) the figure of £200,000 in Clause 1 (*d*) of the draft preliminary Agreement and in Clause 17 of the draft Concession may be increased to £250,000; and

(ii) in calculating any " fair rent " based on land value as provided for in Clause 1 of the draft Concession any increase in land value due to the operations of the Concession Company should be ignored. Your request that the calculation should be based on present land value cannot, however, be accepted since values may in the meantime appreciate through causes other than the operations of the Company.

3. Your request that the percentage of public issues which is to be reserved for Palestinian citizens and Trans-Jordanian nationals should be reduced is unacceptable. Mr. Amery is advised that the practical difficulties mentioned in your letter under reply should not be insurmountable.

4. It is regretted that it is impossible to accede to your request that Clause 3 of the draft Concession should be amended It is the intention of the Palestine and Trans-Jordan Governments to reserve to themselves complete freedom of action in regard to the grant of mining licences for the collection of any kind of salts in the area round the Dead Sea. The Concession will relate only to the extraction of salts from the waters of that Sea.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 42].

No. 60.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 27th March, 1929

I AM directed by Mr. Secretary Amery to refer to the letter* from this Department transmitting a copy of a telegram† addressed to the High Commissioner for Palestine in regard to the points which Mr. Novomeysky raised in connection with the revised draft Agreement and Concession for the extraction of salts from the waters of the Dead Sea.

2. Copies are enclosed of the reply‡ received from Sir John Chancellor and of a letter§ which has been addressed to Mr. Novomeysky. I am to request that the draft Agreement and Concession may be amended as indicated in that letter before copies are officially communicated to Major Tulloch and Mr. Novomeysky.

3. Mr. Amery is not yet in a position to authorise you to make that communication but a further letter will be addressed to you on the point as soon as it is possible to do so.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 44].

No. 61.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER

(Sent 1.15 p.m., 6th April, 1929.)

TELEGRAM.

[*Answered by No.* 62.]

No. 54. YOUR telegram of 19th March,‡ Dead Sea Salts Concession. Novomeysky and Tulloch have been informed that addition to Clause 3 of draft Concession must be retained. They ask that the right of the Government to grant mining licences in area around the Dead Sea shall be made subject to following conditions:—

(i) That within some limited area around the Dead Sea and for some specified period from the signature of the Concession the Government shall not grant a licence for the mining of potash or other salts covered by the Concession without first offering the licence to the Concessionaires on terms provided for by Mining Ordinance; and

* C. 67075/29 [No. 35]: not printed. † No. 57. ‡ No. 58. § No. 59.

(ii) Within the same area and for the same period any person who, having been granted a licence for the mining of minerals or salts other than those covered by the Concession, discovers potash or other salts covered by the Concession shall be required to offer to the Concessionaires any rights that he may possess for the mining of salts so discovered.

Shall be glad to learn at very early date whether you and Trans-Jordan Government agree to these requests If so you will no doubt suggest an area within which and a period for which above restrictions should apply.

Novomeysky and Tulloch also ask that it should be made clear in the Concession that in the event of waters of the Dead Sea receding the Concession will extend to collection of salts in area within the present limits of the Sea which will then be exposed. Unless you see objection I propose to agree to this request —AMERY.

C. 67075/29 [No. 49]

No. 62.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

TELEGRAM.

(Received 1.50 p.m., 11th April, 1929.)

No. 46 OF 11TH APRIL. Your telegram of 6th April, No. 54.* Dead Sea Salts. Suggest that right of Government to grant mining licence within belt of five kilometres from shore line of Dead Sea shall for period of ten years be made subject to first condition.

Second condition is not acceptable because where Government have given exploration permit or prospecting permit without reserving salts covered by Concession, Government would not be entitled to refuse prospecting licence for such minerals if holder of permit applied. I concur in suggestion that Concessionaire should have right to collect concession salts in area within present limits of Sea in the event of the recession of the waters. Trans-Jordan Government concur.

C. 67075/29 [No. 47].

No. 63.

COLONIAL OFFICE to MR. M. A. NOVOMEYSKY.

[*Answered by No.* 65.]

SIR, Downing Street, 13th April, 1929.

I AM directed by Mr. Secretary Amery to refer to the interview which you and Major Tulloch had at this Office on the 5th of April, on the subject of the proposed Concession for the extraction of salts from the waters of the Dead Sea, and to inform you that a telegram has been addressed to the High Commissioner for Palestine in regard to the points which you raised in the course of that interview.

2. As soon as a reply is received from Sir John Chancellor, the Crown Agents for the Colonies will be authorised to communicate to you and Major Tulloch the terms of the revised draft Concession, and to ask you to state whether you accept or reject those terms. In the event of your accepting them, the Crown Agents, on behalf of the Governments of Palestine and Trans-Jordan, will be authorised to initial the revised draft Agreement, and to instruct their solicitors, in conjunction with your solicitors, to put the document in final form for signature by both parties This procedure is adopted at your request in order that you may proceed to Palestine to put in hand preliminary works in connection with the Concession.

3. As was explained to you and Major Tulloch when you called at this Office on the 27th of February, the Palestine and Trans-Jordan Governments will require that simultaneously with the initialling of the present draft Concession, you and Major Tulloch should sign a document by which you undertake to place those Governments in a position to give full effect to any judgment that may be given by the Permanent

* No. 61.

Court of International Justice at The Hague in connection with any claim by a foreign group to possess a valid pre-war concession for the extraction of salts from the waters of the Dead Sea.

4. I am also to explain that during the discussions regarding the draft Concession, the Trans-Jordan Government asked that provision should be inserted therein to secure that local Jewish labour should not be employed on the Concession works to the exclusion of local Arab labour recruited from Trans-Jordan. The Secretary of State considered that a provision of this character was not suitable for insertion in the Concession, but that the wishes of the Trans-Jordan Government on this matter could best be covered by an assurance outside the terms of the Concession He would be glad, therefore, to receive an assurance, which, he understands, you and Major Tulloch are prepared to give, that a fair proportion of Arab labour from both Palestine and Trans-Jordan will be employed on any works in connection with the Concession.

I am, &c.,
H. F. DOWNIE.

C. 67075/29 [No. 48].

No. 64.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

Downing Street, 13th April, 1929.

GENTLEMEN,

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 8th of April* and to previous correspondence regarding the Concession for the extraction of salts from the waters of the Dead Sea. With that letter was enclosed a copy of a telegram in which the High Commissioner for Palestine was asked whether he and the Trans-Jordan Government agreed to the requests recently put forward by the prospective concessionaires. When Sir John Chancellor's reply has been received a further letter will be addressed to you conveying the decision on the points which formed the subject of Mr. Amery's telegram No. 54 of the 6th of April.† I am to request that on the receipt of that letter you will communicate to Major Tulloch and Mr. Novomeysky, for acceptance or rejection—but not as a basis of any further negotiations—the revised draft of the Concession. Copies of the latest revise of that document were enclosed in Sir Henry Lambert's letter of the 23rd of November, 1928,‡ to Sir John Shuckburgh: amendments thereto will be necessary in the light of the correspondence of which a schedule§ is attached to this letter. I am to request that you will now, in consultation with your solicitors, amend the latest revise of the draft in the light of that correspondence so that, after the receipt of a reply to Mr. Amery's telegram No. 54 of the 6th April, it will be possible at a very early date to make the communication to Major Tulloch and Mr. Novomeysky indicated above.

2. In paragraph 2 of Mr. Amery's despatch Confidential B of the 9th of August last,‖ it was stated that it would be made an essential and prior condition of the grant of the Dead Sea Salts Concession that Messrs. Novomeysky and Tulloch should produce such evidence as to the standing and financial stability of their associates as will satisfy you that, so far as can be foreseen, those associates will be in a position to provide further funds as and when required for the stages of commercial exploitation.

Since the date of that despatch there have been changes among the financial supporters of the prospective Concessionaires and you have obtained information regarding the standing of all the companies who now form their financial supporters. If the information which you have obtained and reported to the Secretary of State is sufficient to satisfy you that the financial associates of Messrs. Novomeysky and Tulloch will, so far as can be foreseen, be in a position to provide further funds as and when required for the stages of commercial exploitation, it would not seem to be necessary now to require Major Tulloch and Mr. Novomeysky to produce any further evidence on this point. If, however, you are not so satisfied you should, when communicating the new revise of the Concession to these gentlemen, make such further inquiries on the point as you consider to be necessary.

3. A copy is enclosed of a letter¶ in which Mr. Novomeysky has been asked to give an assurance outside the terms of the Concession, viz., that a fair proportion

* C. 67075/29 [No. 46]: not printed. † No. 61. ‡ C. 57075/28 [No. 91]: not printed.
§ Not printed. ‖ No. 26. ¶ No. 63.

of Arab labour from both Palestine and Trans-Jordan will be employed on the Concession works. It will also be seen that it is proposed that, if the new revised draft is accepted, it should be initialled by you on behalf of the Palestine and Trans-Jordan Governments and by the prospective Concessionaires, thus enabling them to proceed with the preliminary works in connection with the Concessions operations and leaving the draft of the document in final form to be settled by the solicitors of both parties, working, of course, on the basis of the initialled documents.

Simultaneously with the initialling of that document, Major Tulloch and Mr. Novomeysky will be required to sign a separate agreement binding themselves to place the Palestine and Trans-Jordan Governments in a position to take any action that may be necessitated by any judgment given by the Permanent Court of International Justice at The Hague in the event of there being referred to that Court any claim by a foreign group to possess a valid pre-war concession for the extraction of salts from the waters of the Dead Sea. In this connection I am to refer to paragraph 3 of the enclosed letter to Mr. Novomeysky and to paragraph 5 of the Secretary of State's despatch Confidential B of the 12th of March* to the High Commissioner for Palestine. I am to request that you will instruct your solicitors to prepare the draft of an agreement to the end outlined above. The draft should be submitted to the Secretary of State for approval.

4. In accordance with the undertaking given to the House of Lords on the 23rd of May, 1928, and repeated there on the 20th of March last, Mr. Amery intends that before any binding agreement is signed, a Paper shall be laid before Parliament giving the names of the financial supporters of Major Tulloch and Mr. Novomeysky. This Paper is now in preparation and it is hoped to lay it before Parliament at an early date. In order, however, to ensure that full effect is given to this undertaking, I am to request that when you are in a position to proceed to the initialling of the final revised draft of the Concession, you will consult this Department before doing so.

I am, &c.,
H. F. DOWNIE.

C. 67075/29 [No. 53].

No. 65.

MR. M. A. NOVOMEYSKY to COLONIAL OFFICE.

[*Answered by No.* 69.]

SIR, 76, Holland Road, London, W.14, 16th April, 1929.

I BEG to acknowledge the receipt of your letter of the 13th April,† the contents of which I communicated to Major Tulloch.

We observe what you say in the first two paragraphs thereof. As regards the third paragraph, Major Tulloch and I will be prepared to sign a suitable document undertaking to place the Governments in question in a position to fulfil any Order of the International Court tantamount to what is known in English Law as "specific performance," but that undertaking will not, of course, apply to anything in the nature of pecuniary damages.

It is, of course, understood that we should be fully informed and consulted as to the proceedings before the Court of International Justice in connection with any such claim as you mention.

Naturally, the actual form of any such document as mentioned above will be settled between the solicitors to the Crown Agents and our solicitors.

As regards the fourth paragraph of your letter, you may take this as our assurance that there is no intention to exclude local Arab labour and we shall employ simultaneously with local Jewish labour also Arab labour from both Palestine and Trans-Jordan in works in connection with the Concession.

Yours, &c.,
M. NOVOMEYSKY.

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* No. 55. † No. 63.

C. 67075/29 [No. 50].

No. 66.

COLONIAL OFFICE to MR. M A. NOVOMEYSKY.

[*Answered by No.* 68.]

SIR, Downing Street, 18th April, 1929.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 13th April* on the subject of the proposed Concession for the extraction of salts from the waters of the Dead Sea, and to inform you that the following decisions have been taken in regard to the points which you and Major Tulloch raised in the course of the interview at this Office on the 5th April.

(*a*) The draft Concession will be amended by inserting in it provision to the effect that within a belt of 5 kilometres from the shore line of the Dead Sea and for a period of ten years from the signature of the Concession, the Government shall not grant a licence for the mining of potash or other salts covered by the Concession without first offering the licence to the Concessionaires on terms provided for by the Mining Ordinance;

(*b*) The Concession will be revised by inserting in it provision to the effect that in the event of the waters of the Dead Sea receding, the Concession will extend to the collection of salts covered by the Concession in any area within the present limits of the Dead Sea which is exposed by the recession of the waters; and

(*c*) It is not possible to accede to your further request that within a limited area and for a specified period any person who, having been granted a licence for the mining of minerals or salts other than those covered by the Concession, discovers potash or other salts covered by the Concession shall be required to offer to the Concessionaires any rights that he may possess for the mining of salts so discovered.

2. The necessary instructions for the revision of the draft Agreement in the light of the above decisions have been sent to the Crown Agents for the Colonies.

3. In paragraph 2 of the letter under reference, it was stated that the Crown Agents would be authorised to initial the draft Agreement and to instruct their solicitors in conjunction with your solicitors to put the document in final form for signature by both parties. It is, however, now understood to be the intention of the Crown Agents that their solicitors should forthwith put the draft preliminary Agreement in final form so that it can be signed by both parties and that only the draft Concession, which will be scheduled to that Agreement, should be initialled and left for final settlement by the solicitors of both parties. It is understood that this alternative procedure is acceptable to you.

I am, &c.,
H. BECKETT.

C 67075/29 [No. 51].

No. 67.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 18th April, 1929.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 13th April† regarding the Concession for the extraction of salts from the waters of the Dead Sea, and to transmit to you a copy of a telegram‡ received from the High Commissioner for Palestine in reply to Mr. Amery's telegram No. 54 of the 6th April,§ of which a copy was sent to you on the 8th April.

2. Mr. Amery has decided to accept the views expressed by Sir J. Chancellor in the telegram of which a copy is enclosed, and I am to authorise you, in conjunction with your solicitors to amend the latest revise of the draft Concession by inserting in it provision to the following effect:—

(*a*) That within a belt of 5 kilometres from the shore line of the Dead Sea and for a period of ten years from the signature of the Concession, the Government shall not grant a licence for the mining of potash or other salts

* No. 63. † No. 64. ‡ No. 62. § No. 61.

covered by the Concession without first offering the licence to the Concessionaires on terms provided for by the Mining Ordinance; and

(*b*) That in the event of the waters of the Dead Sea receding, the Concession will extend to the collection of salts covered by the Concession in any area within the present limits of the Dead Sea which is exposed by the recession of the waters.

3. As regards paragraph 3 of the letter under reference, it is understood to be your intention that your solicitors should forthwith put the draft preliminary Agreement in final form so that it can be signed by you and the prospective Concessionaires and that only the draft Concession, which will be scheduled to the Agreement, should be initialled and left for final settlement by the solicitors of both parties working on the basis of the initialled documents. Mr. Amery approves of this procedure.

4. I am to suggest that with a view to expediting the settlement and acceptance of the draft of the separate agreement to which reference was made in the second part of paragraph 3 of the letter under reference, you should instruct your solicitors to consult with the solicitors of Major Tulloch and Mr. Novomeysky when drawing up the draft of that agreement.

5. A copy of a letter* which has been addressed to Mr. Novomaysky is enclosed.

I am, &c.,
H. BECKETT.

C. 67075/29 [No. 55].

No. 68.

MR. M. A. NOVOMEYSKY to COLONIAL OFFICE.

[*Answered by No.* 69.]

SIR, 76, Holland Road, London, W.14, 19th April, 1929.

I BEG to acknowledge the receipt of your letter of the 18th of April, 1929,* on the subject of the proposed Concession for the extraction of salts from the waters of the Dead Sea, copy of which I have forwarded to Major Tulloch.

As regards paragraph (*a*) of your letter, the intention which is in mind is accurately represented, but we believe that for the purposes of the Agreement, the most suitable manner of phrasing the provision would perhaps be along the following lines:—" The Government will take, or cause to be taken, all such steps as may be necessary to secure that no person shall be permitted to mine or quarry potash or other salts covered by the Concession, unless the Concessionaires shall have been offered the grant, on terms provided by the Mining Ordinance, of the right to mine or quarry such potash or other salts." Some such phraseology as suggested above is, we are advised, necessary in view of the provisions of the Mining Ordinance, in order to give effect to the agreed intention. We assume that the above could be considered by you without referring it back to Palestine.

We observe the width of the belt in which the Government shall not grant a licence for the mining of potash or other salts, is limited to 5 kilometres. This limit is adequate as a general line, but we would have wished that at one point along the belt line, namely, the most southern corner of the Dead Sea, between Wadi-Zuweirah in the south-west, and Wadi-Numeirah in the south-east—on the Bartholomews' map of Palestine—the limit could be somewhat extended, say, to 8 kilometres. If you could agree to this without any necessity to incur the delay involved by communication with Palestine, we should be grateful. Otherwise, we reluctantly agree to the 5 kilometres on the whole line.

We have no additional comment to make to paragraphs (*b*) and (*c*) and as regards the remainder of your letter, we wish to express our appreciation and acceptance of the procedure suggested

Yours, &c.,
M. NOVOMEYSKY.

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* No. 66.

C. 67075/29 [No. 57].

No. 69.

COLONIAL OFFICE to MR. M. A. NOVOMEYSKY.

Downing Street, 26th April, 1929.

SIR,

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 19th of April* on the subject of the proposed Concession for the extraction of salts from the waters of the Dead Sea.

2. Mr. Amery regrets that the formula set out in the second paragraph of your letter in regard to the grant of licences for the mining of potash or other salts covered by the proposed Concession cannot be accepted, and that he cannot agree to any alteration of the formula which was set out in paragraph (*a*) of the letter from this Department of the 18th of April,† other than purely formal amendments.

3. Mr. Amery finds himself unable to agree to an extension of the width of the belt within which the Governments shall not grant a licence for the mining of potash or other salts covered by the proposed Concession.

4. As regards your letter of the 16th of April,‡ Mr. Amery will accept an undertaking—in the form of a separate agreement—by you and Major Tulloch to place the Governments of Palestine and Trans-Jordan in a position to give full effect to any judgment of the Permanent Court of International Justice at the Hague in the event of there being referred to that Court any claim by a foreign group to possess a valid pre-war concession for the extraction of salts from the waters of the Dead Sea, it being understood that this undertaking would not apply to any pecuniary damages which might be awarded by the Court. You will be fully informed and consulted as to any proceedings which may be brought before the Permanent Court of International Justice in regard to the Concession, but it must be understood that the final decision in regard to any question which may arise in resisting a claim brought before the Court must rest with His Majesty's Government. The Crown Agents for the Colonies have already been authorised to instruct the Solicitors of the Palestine and Trans-Jordan Governments to consult with your solicitors in drawing up the draft of the separate agreement binding you to place the Governments in a position to take any action which may be necessitated by any judgment given by the Permanent Court of International Justice.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 61].

No. 70

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 72.]

SIR, 4, Millbank, Westminster, London, S.W.1, 1st May, 1929.

REFERRING to your letter of the 26th April,§ I have the honour to enclose a revised draft of the Indemnity Agreement with reference to the Dead Sea Salts Concession which has been prepared by our Solicitors, and to inquire whether this form is approved.

I have, &c.,
J. G. BRADSTREET,
for Crown Agents.

Enclosure in No. 70.

MEMORANDUM OF AGREEMENT made this day of 1929 BETWEEN NOVOMEYSKY of and TULLOCH of (hereinafter called " the Applicants ") of the one part and THE CROWN AGENTS FOR THE COLONIES whose office is at No. 4 Millbank in the City of Westminster (who and the Crown Agents for the Colonies for the time being are hereinafter called " the Crown Agents ") acting for and on

* No. 68. † No. 66. ‡ No. 65. § C. 67075/29 [No. 59]: not printed.

behalf of the Government of Palestine and the Government of Trans-Jordania (hereinafter called " the Governments ") of the other part WHEREAS by an Agreement of even date herewith and made between the Crown Agents acting for and on behalf of the Governments of the one part and the Applicants of the other part the Crown Agents agreed that on the fulfilment by the Applicants within a period of 12 months from the date thereof of the stipulations and conditions in the said Agreement contained the Governments would grant to the Applicants a sole and exclusive Concession for the extraction of salts from the waters of the Dead Sea comprising the terms the heads of which were set out in the Schedule to the now reciting Agreement AND WHEREAS during the progress of the negotiations leading up to the said recited Agreement claims were put forward on behalf of other parties (hereinafter called " the Claimants ") alleging that the Claimants were entitled under a Concession granted by the Turkish Government to certain rights with respect to the extraction of salts from the waters of the Dead Sea which conflict with the rights proposed to be conferred by the said Concession.

NOW IT IS HEREBY AGREED as follows :—

1. In consideration of the Crown Agents entering into the above recited Agreement of even date herewith the Applicants agree that they will at all times hereafter save harmless and keep indemnified the Crown Agents and the Governments and each and every of them from and against every claim that may be made upon them or any of them by the Claimants or their assignees for any exclusive licence to utilise the waters of the Dead Sea for the extraction of any mineral substance salt or chemical therefrom and from and against all costs and expenses (other than pecuniary damages that may be awarded by any Judicial Tribunal) that they or any of them may incur or be ordered to pay in consequence of or in connection with any such claim.

2. The Applicants further agree that should the claim made by the Claimants or their assignees prove to be well founded and the validity of their alleged Concession be held to be established the Applicants shall not be entitled to any compensation or indemnify from the Crown Agents or the Governments or any of them if as a result the Governments are unable to grant the exclusive Concession referred to in the above recited Agreement or having granted it are prevented from giving it full force and effect.

IN WITNESS whereof the Applicants and one of the Crown Agents for the Colonies have hereunto set their respective hands and seals the day and year first above written.

C. 67075/29 [No. 60].

No. 71.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential.)

SIR, Downing Street, 2nd May, 1929.

WITH reference to my despatch Confidential " D " of the 18th of April,* I have the honour to transmit to you the accompanying copies of further correspondence† which has passed between the Colonial Office and Mr. Novomeysky on the subject of the proposed Concession for the extraction of salts from the waters of the Dead Sea.

2. You will have seen that in the letter addressed to Mr. Novomeysky on the 13th of April,‡ a copy of which was enclosed in the despatch under reference, Mr. Novomeysky and Major Tulloch were asked to undertake to place the Governments of Palestine and Trans-Jordan in a position to give full effect to any judgment which may be given by the Permanent Court of International Justice at the Hague in connection with any claim by a foreign group to possess a valid pre-war concession for the extraction of salts from the waters of the Dead Sea. In his letter of the 16th of April§ of which a copy is enclosed, Mr. Novomeysky has replied that he and Major Tulloch were prepared to give an undertaking to place the two Governments in a position to fulfil any order tantamount to what is known in English law as " specific performance," but that the undertaking would not apply to anything in the nature of pecuniary damages.

* C. 67075/29 [No. 52] : not printed. † Nos. 65, 68, and 69. ‡ No. 63. § No. 65.

3. I am advised that if a case were brought and judgment given against His Majesty's Government, it would be open to the Permanent Court of International Justice, in addition to, or instead of, ordering " specific performance," to award pecuniary damages. After careful consideration of the question, I came to the conclusion that it would not be possible to insist that Mr. Novomeysky and Major Tulloch should agree to pay any pecuniary damages which may be awarded by the Permanent Court of International Justice. In ordinary circumstances it would be unjust to require, as a condition of the grant of a concession the value of which was uncertain, that the concessionaires should indemnify the Government against damages which might be awarded for the Government's treatment of other concessionaires, and it is clearly out of the question at this stage of the present negotiations to import a condition of this kind. As you will see, I have, therefore. caused Mr. Novomeysky to be informed that the Governments of Palestine and Trans-Jordan accept the limited undertaking which he and Major Tulloch are prepared to give.

4. I also considered whether it would be possible to require Mr. Novomeysky and Major Tulloch to undertake to bear the cost of the defence of any action that may be brought before the Permanent Court of International Justice on behalf of a foreign group claiming to possess a valid pre-war concession for the extraction of salts from the Dead Sea, but I came to the conclusion that it would not be equitable to seek such an undertaking.

I have, &c.,
L. S. AMERY.

C. 67075/29 [No. 63].

No. 72.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 74.]

Downing Street, 4th May, 1929.

GENTLEMEN,

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 1st of May* enclosing a revised draft of the Indemnity Agreement with reference to the Dead Sea Salts Concession.

2. In the Preamble " Trans-Jordan " should be substituted for " Trans-Jordania."

3. Clauses 1 and 2 of the draft Agreement should be amended to read as follows :—

" In consideration of the Crown Agents entering into the above recited Agreement of even date herewith the Applicants agree that should the said claim made by the Claimants or their assignees prove to be well founded and the validity of their alleged Concession be held by any Judicial or Arbitral Tribunal to be established, the applicants will, for their part, at their own cost and expense, do all such things as may be necessary to enable the Crown Agents or the Governments or all or either of them to carry out the decision of such Tribunal (other than the payment of pecuniary damages, should any such be awarded), and to give full force and effect to such Concession so held to be valid, and shall not be entitled to any compensation or indemnity from the Crown Agents or the Governments or any of them if as a result the Governments are unable to grant the exclusive Concession referred to in the above recited Agreement or having granted it are prevented from giving it full force and effect."

4. Subject to these amendments Mr Amery approves the draft and I am to request that you will at a very early date communicate the draft Agreement, as revised, to the prospective Concessionaires.

I am, &c.,
S. M. CAMPBELL.

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* No. 70.

C. 67075/29 [No. 66].

No. 73.

MR. M. A. NOVOMEYSKY to MR. T. I. K. LLOYD (COLONIAL OFFICE).

[*Answered by No.* 77.]

DEAR MR LLOYD, 76, Holland Road, London, W.14, 6th May, 1929.

Dead Sea Concession.

REFERRING to my conversation with you regarding paragraph 31 of the draft Concession relating to the jurisdiction of the Trans-Jordan Government in matters connected with immovable property, we shall be prepared to accept this new addition to the clause, provided that it is made clear that it is only to become operative when the Amir of Trans-Jordan has entered into an agreement with His Majesty, safeguarding the interests of foreigners in Trans-Jordan, as is provided for by Article 9 of the Agreement between His Majesty and the Amir, signed at Jerusalem on the 20th of February, 1928.

I beg to return with thanks the Treaty Series No. 17 (1925), which you were good enough to lend me for perusal.

Yours truly,
M. NOVOMEYSKY.

C. 67075/29 [No. 72].

No. 74.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 7th May, 1929.

WITH reference to your letter of the 4th May,* I have the honour to state that the draft of the Indemnity Agreement with reference to the Dead Sea Salts Concession has been further amended as requested in your letter and a copy of the revised draft is forwarded herewith together with a copy of a covering letter from Messrs. Burchells.

It will be seen that the draft has not yet been communicated officially to the Concessionaires, not only for the reason given in paragraph 3 of Messrs. Burchells' letter, but also because we understand that Mr. Novomeysky, who has been shown the draft informally, proposes to discuss with your Department the question of making certain further amendments in the document.

We await the further instructions of the Secretary of State in the matter in due course.

I have, &c.,
H. C. RANSOM,
for Crown Agents.

Enclosure in No. 74.

MESSRS. BURCHELLS TO THE CROWN AGENTS.

GENTLEMEN, 5, The Sanctuary, Westminster, S.W.1, 7th May, 1929.

Dead Sea Concession.

WE beg to acknowledge receipt of your letter of yesterday enclosing a copy of a letter from the Colonial Office respecting the Indemnity Agreement.

2. We have revised the draft in accordance with the instructions contained in the Colonial Office letter of the 4th instant and herewith enclose you a fair copy.

3. We must point out that whereas under the draft as prepared by us the Concessionaires would undoubtedly have been liable to refund to the Governments any costs incurred by them in contesting the rival claim, under the Agreement as amended

* No. 72.

we think the Governments would have to bear their own costs. Having regard to this view we propose to defer sending the draft to Messrs. Oppenheimer Nathan & Vandyk until the point has been further considered.

We are, &c.,
BURCHELLS.

MEMORANDUM OF AGREEMENT made this day of , 1929, BETWEEN NOVEMEYSKY of and TULLOCH of (hereinafter called " the Applicants ") of the one part and THE CROWN AGENTS FOR THE COLONIES whose office is at No. 4 Millbank in the City of Westminster (who and the Crown Agents for the Colonies for the time being are hereinafter called " the Crown Agents ") acting for and on behalf of the Government of Palestine and the Government of Trans-Jordan (hereafter called " the Governments ") of the other part WHEREAS by an Agreement of even date herewith and made between the Crown Agents acting for and on behalf of the Governments of the one part and the Applicants of the other part the Crown Agents agreed that on the fulfilment by the Applicants within a period of 12 months from the date thereof of the stipulations and conditions in the said Agreement contained the Governments would grant to the Applicants a sole and exclusive concession for the extraction of salts from the waters of the Dead Sea comprising the terms the heads of which were set out in the Schedule to the now recited Agreement AND WHEREAS during the progress of the negotiations leading up to the said recited Agreement claims were put forward on behalf of other parties (hereinafter called " the Claimants ") alleging that the Claimants were entitled under a Concession granted by the Turkish Government to certain rights with respect to the extraction of salts from the waters of the Dead Sea which conflict with the rights proposed to be conferred by the said Concession.

NOW IT IS HEREBY AGREED as follows :—

1. In consideration of the Crown Agents entering into the above recited Agreement of even date herewith the Applicants agree that should the said claim by the Claimants or their assignees prove to be well founded and the validity of their alleged concession be held by any Judicial or Arbitral Tribunal to be established the Applicants will for their part at their own cost and expense do all such things as may be necessary to enable the Crown Agents or the Governments or all or either of them to carry out the decision of such Tribunal (other than the payment of pecuniary damages should any such be awarded) and to give full force and effect to such concession so held to be valid and shall not be entitled to any compensation or indemnity from the Crown Agents or the Governments or any of them if as a result the Governments are unable to grant the exclusive concession referred to in the above recited Agreement or having granted it are prevented from giving it full force and effect.

IN WITNESS whereof the Applicants and one of the Crown Agents for the Colonies have hereunto set their respective hands and seals the day and year first above written.

C. 67075/29 [No. 73].

No. 75.

MR. H. C. RANSOM (CROWN AGENTS FOR THE COLONIES) to MR. T. I. K. LLOYD (COLONIAL OFFICE).

DEAR LLOYD, 4, Millbank, Westminster, London, S.W.1, 8th May, 1929

AT our interview yesterday afternoon Novomeysky asked for the following amendments of the Heads of the Concession to be made before we execute the Agreement. (I quote the printed proof) :—

Head 1, *line* 2.—After the words " for evaporation purposes " add " and other purposes of the Concession."

Head 1, *line* 11.—After the words " compensation to be paid for land required " insert the words " for roads or other public facilities."

Head 3, *line* 2 —After the words " the mineral salts " insert the words " minerals and chemicals."

Make a similar addition after the words " mineral salts " in lines 6 and 14.

Head 3, *line* 2.—After the word " therein " insert " and beneath the waters of the Dead Sea."

Head 6, *line* 5.—After the words " the Dead Sea " insert " and the River Jordan."

Head 13, *line* 2.—Instead of " a percentage " read " an agreed percentage."

Page 14, *third line from the top.*—After the words " the Jaffa-Jerusalem " insert the words " or Haifa-Beisan."

In addition he urged that some reference to the Law of England should be re-inserted in Clause 31, and that the reference to the Courts of Trans-Jordan in that clause should be modified. Burchell tells me that it is impossible to quote the Law of England if disputes are to be decided by the Courts of Palestine. As regards Trans-Jordan Courts, I understand that you are considering an amendment and we shall have to have this before we can prepare the documents for execution.

We shall also have to have the final form of the indemnity agreement before we execute, and I understood that Novomeysky is anxious for further additions to this, about which he will see you to-day.

I understood from you that in view of urgency you wished us to settle amendments in the Heads of the Concession forthwith just as you settled them in the covering Agreement although they include some alteration from the form agreed by the Governments. Those that I set out above appear to us to conform undoubtedly to the intention of the Governments' approved draft, and unless you see any objection we propose to incorporate them in the documents to be executed, if everything is ready, on Friday.

Yours, &c.,
H. C. RANSOM.

C. 67075/29 [No. 75].

No. 76.

MR. M. A. NOVOMEYSKY to MR. T. I. K. LLOYD (COLONIAL OFFICE).

[*Answered by No.* 80.]

DEAR MR. LLOYD, 76, Holland Road, London, W.14, 8th May, 1929.

As I have already informed you on the telephone, our Solicitors have not received the second draft of the document dealing with the so-called " French Claim," but Mr. H. C. Ransom has been good enough to read out to me the contents of this document which, I understand, he referred back to the Colonial Office.

In order to expedite matters, I write to explain the observations of our Solicitors on the document in question.

As we already intimated to the Colonial Office verbally, we are prepared to accept the obligation as set out in our letter of the 16th April, 1929,* and in the paragraph 4 of the Colonial Office letter of the 26th of April, 1929,† and also a further obligation that " in the event of the Concessionaires being called upon to fulfil this obligation, they shall not be entitled to any compensation or indemnity from the Crown Agents or the Governments, if as a result of such proceedings, the Governments are unable to grant the exclusive Concession or, having granted it, are prevented from giving it full force and effect."

In drafting the actual document, our Solicitors have suggested that some further points should be taken into consideration :—

(*a*) That the document should refer only to the so-called " French Claim." And indeed in the preamble to the first draft of the document received by our Solicitors, it is stated : " during the progress of the negotiations leading up to the said recited agreement, claims were put forward on behalf of other parties alleging that the claimants were entitled under a concession granted by the Turkish Government to certain rights, &c." We think it meant only this specific claim to which the document should refer.

(*b*) A time limit should be considered and inserted in the Agreement, in which the claimants may institute legal proceedings before the Permanent Court

* No. 65. † No. 69.

of International Justice—let us say, 12 calendar months from the date of the execution of the Agreement. We think it is obvious that the holders of the Concession could not for the whole duration of the Concession (75 years) be under threat of a claim being put forward at any time.

(*c*) That the Agreement with the Government, notwithstanding anything in the document to be executed contained, should continue and only be modified as far as may be necessary to give effect to any judgment of the International Court.

(*d*) That in the event of any judgment adverse to the British Government and/or the Governments of Palestine and Trans-Jordan, and the applicants being unable to carry on with the Concession under the new circumstances created by the adverse judgment, the said applicants shall be entitled by notice in writing to the Crown Agents, within agreed and specified time after the delivery of such judgment, to refuse to accept the Concession if not granted, and to cancel same if granted, and shall therefore be relieved of all obligations thereunder.

(*e*) That if proceedings shall be instituted by claimants, then the applicants shall not be liable to any penalties nor shall the Concession be liable to forfeiture for any reason in the Concession mentioned, in respect of anything done, or omitted to be done during the pendency of such proceedings and a certain limit of time (say twelve calendar months) after the delivery of the International Court's judgment, or until the delivery of such judgment, if the same shall be adverse to the claimants.

2. As regards the draft Heads of Agreement, I understand from Mr. H. C. Ransom that he has been in communication with you and informed you of the few amendments suggested by us in this draft and which were regarded by him as drafting points and could be inserted in this document.

The only remaining point for your consideration will then be the insertion in paragraph 31 of the draft Concession relating to the jurisdiction of the Trans-Jordan Government in matters connected with immovable property, with which I already dealt in my letter to you on 6th May, 1929.*

I am sending copy of this letter to Mr. H. C. Ransom.

Yours, &c.,
M. NOVOMEYSKY.

C. 67075/29 [No. 67].

No. 77.

MR T. I. K. LLOYD (COLONIAL OFFICE) to MR. M. A. NOVOMEYSKY.

DEAR MR. NOVOMEYSKY, Downing Street, 8th May, 1929.

IN reply to your letter of the 6th of May* regarding the Dead Sea Salts Concession, I am now authorised to inform you that the modification of paragraph 31 of the draft Concession which you suggest in that letter is accepted The necessary instructions are being given to the Crown Agents for the Colonies.

Yours, &c.,
T. I. K LLOYD.

C. 67075/29 [No. 68].

No. 78.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 8th May, 1929.

WITH reference to the letter from this Department of the 4th of May† in regard to the Dead Sea Salts Concession, I am directed by Mr Secretary Amery to inform you that he has agreed that the last sentence of paragraph 31 of the draft Concession, relative to the jurisdiction of the Courts of Trans-Jordan in matters connected with immovable property in that territory, should be modified by a proviso to the effect that it shall become operative only when the Amir of Trans-Jordan has entered into an agreement with His Majesty safeguarding the interests of foreigners in Trans-Jordan in judicial matters, as provided for by Article 9 of the Agreement between

* No. 73. † No. 72.

His Majesty and the Amir of Trans-Jordan signed at Jerusalem on the 20th of February, 1928. A copy of that Agreement* is enclosed. The judicial Agreement is in course of preparation, but it is not likely to be concluded for some months at any rate.

2. You should instruct Messrs. Burchells accordingly

3. I am to add that the revised draft of Clauses 1 and 2 of the Indemnity Agreement, as set out in the letter under reference, is of course subject to any comments which Messrs. Burchells may have to offer.

I am, &c.,
O. G. R WILLIAMS.

C. 67075/29 [No. 69].

No. 79.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential A.)

SIR, Downing Street, 8th May, 1929.

WITH reference to my Confidential despatch of the 2nd May† and to your telegram No. 29 of the 28th February last‡ in regard to the proposed Dead Sea Salts Concession I have the honour to inform you that Mr. Novomeysky has made representations in regard to the provision, which was suggested in that telegram, that any action between the Government and the Company concerning immovable property in Trans-Jordan shall fall under the jurisdiction of the Trans-Jordan courts. After careful consideration, I have accepted his proposal that this provision should become operative only after the Amir of Trans-Jordan has entered into an agreement with His Majesty safeguarding the interests of foreigners in Trans-Jordan in judicial matters, as provided for by Article 9 of the Agreement between His Majesty and the Amir of the 20th February, 1928.

2. By providing in the Constitutional Agreement that there should be a separate judicial agreement to safeguard the interests of foreigners in Trans-Jordan, His Majesty's Government and the Amir have in effect recognised that the courts and judicial system of Trans-Jordan are not of the character which European standards demand, and I felt that I should not be justified in insisting that the Concessionary's company should be subject to the Trans-Jordan courts before the entry into force of the Judicial Agreement. It appears from your (Trans-Jordan) despatch No. 43 of the 22nd of March§ that the Trans-Jordan Government are now preparing a revised draft of this Agreement, and, unless unforseen difficulties occur, the Agreement should be concluded and should enter into force long before the Concession passes out of the experimental stage.

I have, &c.,
L. S. AMERY.

C. 67075/29 [No. 76].

No. 80.

COLONIAL OFFICE to MR. M. A. NOVOMEYSKY.

SIR, Downing Street, 15th May, 1929.

I AM directed by Mr. Secretary Amery to refer to the interview which you had on the 7th of May with Mr. H. C. Ransom of the Crown Agents, and to inform you that he is prepared to agree, on behalf of the Governments of Palestine and Trans-Jordan, that the following amendments should be made in the draft of the Dead Sea Salts Concession before the execution of the Agreement to which that Concession is to be scheduled :—

(*a*) In line 2 of Head 1 of the Concession (as it appears in the White Paper Cmd. 3326) the words " and other purposes of the Concession " should be inserted after the words " for evaporation purposes."

(*b*) In line 11 of Head 1, the words " for roads or other public facilities " should be inserted after the words " Compensation to be paid for land required."

* Cmd. 3069. † No. 71. ‡ No. 50. § C. 69446/29 [No. 1]: not printed.

(*c*) The words " Subject to the provisions of Clause 18 " should be inserted at the beginning of Head 3, and the following amendments should be made in that Head :—

(i) The words " minerals and chemicals " should be inserted after the words " mineral salts " in lines 2, 6 and 14; and

(ii) The words " and beneath the waters of the Dead Sea " should be inserted after the word " therein " in line 2.

(*d*) In line 5 of Head 6, the words " and the River Jordan " should be inserted after the words " the Dead Sea."

(*e*) In line 8 of Head 24 (B), the words " or Haifa-Beisan " should be inserted after the words " Jaffa-Jerusalem."

(*f*) The following sentence should be inserted at the beginning of Head 31 :—

" The Concession shall be interpreted and construed according to the Laws of England and shall be given effect to accordingly."

2. As it is intended that, in the final drafting of the Concession, Head 13 (1) shall be worded so as to state clearly the percentage of any capital issues that the Government may take up after the first issue made by the Company, it is not possible to accept the suggestion that the words " a percentage " in that Head should be altered to " an agreed percentage."

3. I am also to refer to your letter of the 8th of May* addressed to Mr. Lloyd, in which you set out certain suggestions made by your solicitors after considering the draft of the separate Agreement which Messrs. Burchells had prepared.

4. As regards paragraph (*a*), I am to point out that the latest draft of the Agreement in question is in effect confined to the so-called " French claim," since that is the only claim which has been put forward by, or on behalf of, other parties during the negotiations with you.

5. As regards paragraph (*b*), I am to inform you that Mr. Amery is prepared to agree that a time limit of three years should be inserted in the separate Agreement, within which any legal proceedings must be instituted. This time limit would run from the date of the signature of the Concessionary Agreement.

6. Mr. Amery is prepared to accede to your request that the separate Agreement should contain provisions on the lines suggested in paragraphs (*c*), (*d*) and (*e*) of your letter, except that, as regards paragraph (*e*), the time during which the penalty clauses of the Concession should be suspended must be limited to a period expiring not more than three months after the delivery of any judgment or award.

7. The Crown Agents for the Colonies have been requested to instruct Messrs. Burchells to prepare a revised draft of the separate Agreement on the lines set out above, and a copy of the Agreement so revised will be sent to you as soon as possible.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 77].

No. 81.

MR. T. I. K. LLOYD (COLONIAL OFFICE) to
MR. H. C. RANSOM (CROWN AGENTS FOR THE COLONIES).

DEAR RANSOM, Downing Street, 15th May, 1929.

IN continuation of our telephone conversation I enclose a copy of a letter† which has been addressed to Mr. Novomeysky in regard to :—

(*a*) the amendments to the Heads of the Concession as set out in your letter to me of the 8th of May;‡ and

(*b*) Novomeysky's suggestions for the amendment of the so-called " Indemnity Agreement." These suggestions were set out in his letter to me of the 8th May,* of which he sent a copy to you.

You have no doubt instructed Burchells, as we arranged by telephone, to proceed with the preparation of the new draft of the Indemnity Agreement.

Yours, &c.,
T. I. K. LLOYD.

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* No. 76. † No. 80. ‡ No. 75.

C. 67075/29 [No. 82].

No. 82.

MR. C. T. D. BURCHELL to MR. T. I. K. LLOYD (COLONIAL OFFICE).

[*Answered by No.* 83.]

5, The Sanctuary, Westminster, S.W.1, 17th May, 1929.

DEAR MR. LLOYD,

Dead Sea Concession.

I HAVE revised the draft Indemnity Agreement in great hurry and enclose you a copy as requested by the Crown Agents for the Colonies.

Yours, &c.,
CHARLES T. D. BURCHELL.

Enclosure in No. 82.

MEMORANDUM OF AGREEMENT made this day of , 1929, BETWEEN NOVOMEYSKY of and TULLOCH of (hereinafter called " the Applicants ") of the one part and THE CROWN AGENTS FOR THE COLONIES whose office is at No. 4 Millbank in the City of Westminster (who and the Crown Agents for the Colonies for the time being are hereinafter called " the Crown Agents ") acting for and on behalf of the Government of Palestine and the Government of Trans-Jordan (hereinafter called " the Governments " of the other part WHEREAS by an Agreement of even date herewith and made between the Crown Agents acting for and on behalf of the Governments of the one part and the Applicants of the other part the Crown Agents agreed that on the fulfilment by the Applicants within a period of 12 months from the date thereof of the stipulations and conditions in the said Agreement contained the Governments would grant to the Applicants a sole and exclusive concession for the extraction of salts from the waters of the Dead Sea comprising the terms the heads of which were set out in the Schedule to the now reciting Agreement AND WHEREAS during the progress of the negotiations leading up to the said recited Agreement claims were put forward on behalf of other parties (hereinafter called " the Claimants ") alleging that the Claimants were entitled under a Concession granted by the Turkish Government to certain rights with respect to the extraction of salts from the waters of the Dead Sea which conflict with the rights proposed to be conferred by the said Concession.

NOW IT IS HEREBY AGREED as follows :—

1. In consideration of the Crown Agents entering into the above recited Agreement of even date herewith the Applicants agree that if within the period of three years from the date hereof the said claim made by the Claimants or their assignees shall prove to be well founded and the validity of their alleged concession be held by any Judicial or Arbitral Tribunal to be established the Applicants will for their part at their own cost and expense do all such things as may be necessary to enable the Crown Agents or the Governments or all or either of them to carry out the decision of such Tribunal (other than the payment of pecuniary damages should any such be awarded) and to give full force and effect to such concession so held to be valid and shall not be entitled to any compensation or indemnity from the Crown Agents or the Governments or any of them if as a result the Governments are unable to grant the exclusive concession referred to in the above recited Agreement or having granted it are prevented from giving it full force and effect.

2. So far as the exclusive concession to be granted to the Applicants is not in conflict with any concession to which the Claimants shall be held to be entitled the same shall continue in full force and virtue but should the Claimants be held to be entitled to a concession of such scope as to make the exclusive concession to be granted to the Applicants unworkable the Applicants may within months after the delivery of the judgment or decision give months' notice in writing to the Governments of their intention to terminate the said exclusive concession and the Applicants shall thenceforth be relieved of all obligations thereunder.

3. While any proceedings instituted by the Claimants are pending and for a period of three months from the date of the final decision therein the conditions contained in the exclusive concession to be observed by the Applicants shall be suspended and no penalties shall be incurred by the Applicants for failure to comply with any such conditions during such period.

IN WITNESS whereof the Applicants and one of the Crown Agents for the Colonies have hereunto set their respective hands and seals the day and year first above written.

C. 67075/29 [No. 83].

No. 83.

MR. T. I. K. LLOYD (COLONIAL OFFICE) to MR. C. T. D. BURCHELL

DEAR MR. BURCHELL, Downing Street, 17th May, 1929.

MANY thanks for your letter of to-day's date* enclosing the revised draft of the Indemnity Agreement in connection with the Dead Sea Salts Concession.

2. In order to make it clear beyond all question that the Indemnity Agreement is to cover events both before and after the actual grant of the Concession, we suggest that Clause 2 of your draft should be expanded so as to read as follows :—

" So long as the exclusive Concession to be granted to the Applicants is not in conflict with any Concession to which the Claimants shall be held to be entitled the said recited Agreement for an exclusive Concession or the said exclusive Concession if granted shall continue in full force and virtue but should the Claimants be held to be entitled to a Concession of such scope as to make the exclusive Concession to be granted or granted to the Applicants unworkable the Applicants may within 3 months after the delivery of the judgment or decision give 3 months' notice in writing to the Governments of their intention to terminate the said Agreement for an exclusive Concession or the said exclusive Concession if granted and the Applicants shall thenceforth be relieved of all obligations thereunder."

(You will notice that we have inserted figures for the periods which in your draft you have left blank.)

3. For the same reason we suggest that the words " said Agreement or the " should be inserted in line 4 of Clause 3 of your draft before the words " exclusive Concession."

4. Should you see no objection to the above suggestions will you be good enough to revise the draft accordingly and to send copies of it to the Crown Agents for communication to the prospective Concessionaires? We should be glad to have a copy of the Agreement as communicated to the Crown Agents.

Yours, &c.,
T. I. K. LLOYD.

C. 67075/29 [No. 89].

No 84.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 23rd May, 1929.

IN continuation of our letter of the 7th May,† I have the honour to enclose copies of the Agreement‡ for the Dead Sea Salts Concession and the relating Indemnity Agreement which have been executed and exchanged with Mr. Novomeysky and Major Tulloch and embody the amendments recently settled semi officially.

2. Messrs. Burchells have been asked to send to the Colonial Office in due course 25 prints of the Concession Agreement as executed, and we understand that any copies

* No. 82. † No. 74. ‡ Not printed.

required by the Governments of Palestine and Trans-Jordan will be transmitted by your Department.

I have, &c.,
H. C. RANSOM,
for Crown Agents

Enclosure in No. 84.

MEMORANDUM OF AGREEMENT made this 22nd day of May 1929 BETWEEN MOISE NOVOMEYSKY of No. 76 Holland Road in the County of London and MAJOR THOMAS GREGORIE TULLOCH of No. 2 South Parade Southsea in the County of Southampton (hereinafter called " the Applicants ") of the one part and THE CROWN AGENTS FOR THE COLONIES whose office is at No. 4 Millbank in the City of Westminster (who and the Crown Agents for the Colonies for the time being are hereinafter called " the Crown Agents ") acting for and on behalf of the Government of Palestine and the Government of Trans-Jordan (hereinafter called " the Governments ") of the other part WHEREAS by an Agreement of even date herewith and made between the Crown Agents acting for and on behalf of the Governments of the one part and the Applicants of the other part the Crown Agents agreed that on the fulfilment by the Applicants with a period of 12 months from the date thereof of the stipulations and conditions in the said Agreement contained the Governments would grant to the Applicants a sole and exclusive concession for the extraction of salts from the waters of the Dead Sea comprising the terms the heads of which were set out in the Schedule to the now reciting Agreement AND WHEREAS during the progress of the negotiations leading up to the said recited Agreement claims were put forward on behalf of other parties (hereinafter called " the Claimants ") alleging that the Claimants were entitled under a Concession granted by the Turkish Government to certain rights with respect to the extraction of salts from the waters of the Dead Sea which conflict with the rights proposed to be conferred by the said Concession.

NOW IT IS HEREBY AGREED as follows :—

1. In consideration of the Crown Agents entering into the above recited Agreement of even date herewith the Applicants agree that if within the period of 3 years from the date hereof the said claim made by the Claimants or their assignees shall prove to be well founded and the validity of their alleged concession be held by any Judicial or Arbitral Tribunal to be established the Applicants will for their part at their own cost and expense do all such things as may be necessary to enable the Crown Agents or the Governments or all or either of them to carry out the decision of such Tribunal (other than the payment of pecuniary damages and/or costs should any such be awarded) and to give full force and effect to such concession so held to be valid and shall not be entitled to any compensation or indemnity from the Crown Agents or the Governments or any of them if as a result the Governments are unable to grant the exclusive concession referred to in the above recited Agreement or having granted it are prevented from giving it full force and effect.

2. So long as the exclusive concession to be granted to the Applicants is not in conflict with any concession to which the Claimants shall be held to be entitled the said recited Agreement for an exclusive concession or the said exclusive concession if granted shall continue in full force and virtue but should the Claimants be held to be entitled to a concession of such scope as to make the exclusive concession to be granted or granted to the Applicants unworkable in the opinion of the Applicants the Applicants may within three months after the delivery of the judgment or decision give three months' notice in writing to the Governments of their intention to terminate the said Agreement for an exclusive concession or the said exclusive concession if granted and the Applicants and the Government shall thenceforth be relieved of all obligations thereunder.

3. While any proceedings instituted by the Claimants are pending and for a period of three months from the date of the final decision therein the conditions contained in the said Agreement or the exclusive concession to be observed by the Applicants shall be suspended and no penalties shall be incurred by the Applicants for failure to comply with any such conditions during such period.

IN WITNESS whereof the Applicants and Sir Henry Charles Miller Lambert one of the Crown Agents for the Colonies have hereunto set their respective hands and seals the day and year first above written.

Signed Sealed and Delivered by the above-named Moise Novomeysky in the presence of } M. NOVOMEYSKY.

E. G. MAUNDER,
Civil Servant,
4, Millbank, S.W.1.

Signed Sealed and Delivered by the above-named Thomas Gregorie Tulloch in the presence of } T. G. TULLOCH.

E. G. MAUNDER,
Civil Servant,
4, Millbank, S.W.1.

Signed Sealed and Delivered by the above-named Sir Henry Charles Miller Lambert in the presence of } HENRY LAMBERT.

H. C. RANSOM,
Civil Servant,
4, Millbank, S.W.1.

C. 67075/29 [No. 94].

No. 85

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 11.55 a.m., 23rd May, 1929.)

TELEGRAM.

No. 73. 23RD MAY. Dead Sea Concession signed yesterday. Copy is being sent by to-day's mail. Understand that Novomeysky is leaving to-day for Palestine. —AMERY.

C. 67075/29 [No. 90].

No. 86

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(No. 418.) Downing Street, 23rd May, 1929.

SIR,

I HAVE the honour to refer to my telegram No. 73 of the 23rd of May,* and to transmit to you the accompanying copy of the Preliminary Agreement† for the grant of the Dead Sea Salts Concession, which was signed yesterday. The Heads of Concession contained in the schedule to the Agreement will now be put in legal form by the solicitors to both parties.

2. Messrs. Burchells have been asked to furnish in due course 25 prints of the Preliminary Agreement as executed, and on receipt of this supply further copies will be sent to you.

I have, &c.,
L. S. AMERY.

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* No. 85.

† Not reprinetd.

C. 67075/29 [No. 91]

No. 87.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER

(Confidential.)

SIR, Downing Street, 23rd May, 1929.

I HAVE the honour to refer to my despatch No. 418 of the 23rd of May* and to transmit to you a copy of the separate Agreement† entered into with Major Tulloch and Mr. Novomeysky to give legal effect to their undertaking to place the Governments of Palestine and Trans-Jordan in a position to give effect to any judgment that may be given by a Judicial or Arbitral Tribunal in connection with the claim by a foreign group to possess a valid pre-war concession for the extraction of salts from the waters of the Dead Sea.

2. No publicity has been given to the fact that an Agreement of this nature has been concluded and the document enclosed should therefore be regarded as of a strictly confidential character.

I have, &c.,
L. S. AMERY.

C. 67075/29 [No. 99].

No 88.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W., 28th May, 1929.

IN continuation of our letter of the 23rd May,‡ I have the honour to state that the Agreements relating to the Dead Sea Salts Concession have now been duly stamped and are being retained for safe custody at this office.

2. We understand that Mr. Novomeysky left for Palestine on 23rd May to continue his experiments at the Dead Sea but proposes to return to this country within the next month or two and to proceed with the formation of the Company at an early date thereafter.

3. Meanwhile we have asked Messrs. Burchells to proceed with the preparation of the draft of the Concession in legal form.

4. I take this opportunity of enclosing a copy of a letter from Mr. Novomeysky's solicitors with reference to liability for costs under Clause 4 of the Concession Agreement. It will be remembered that reference to the Governments was inserted in this clause by your Department; and we understood that there was no intention of including liability for costs in Palestine or Trans-Jordan.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

Enclosure in No. 88.

MESSRS. HERBERT OPPENHEIMER, NATHAN AND VANDYK, TO THE CROWN AGENTS.

GENTLEMEN, 1, Finsbury Square, London, E.C.2, 22nd May, 1929.

Dead Sea Salt Concession.

WE have your letter of the 21st instant, and are instructed by our clients to say that they accept the Agreement in the form which you were good enough to enclose in your letter under reply, and are prepared simultaneously with executing that Agreement to execute an agreement respecting pre-war claims in the form of which you were also good enough to send us a copy.

We desire to draw your attention as regards Clause 4 in reference to the payment of costs that a few additional words have now been inserted which might be interpreted to extend our clients' obligation for the payment of costs beyond that which they have

* No. 86. † Enclosure in No. 84. ‡ No. 84.

accepted, as to which you will no doubt refer to the correspondence that has passed between us on this subject. We take no objection to these words remaining in the document as it is understood they are purely formal, but, of course, it is equally understood that our clients are not to be responsible for any costs incurred in Palestine and/or Trans-Jordan.

Yours, &c.,
HERBERT OPPENHEIMER.

C. 67075/29 [No. 104].

No. 89.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

4, Millbank, Westminster,
London, S.W.1, 26th July, 1929.

SIR,

WITH reference to paragraph 3 of our letter of the 28th May,* respecting the Concession for the recovery of salts from the Dead Sea, I have the honour to state that the draft has now been prepared by Messrs. Burchells and will shortly be sent to the Solicitors of the Concessionaires for their consideration.

2. This Concession includes the lease of an area of approximately 4 square kilometres of land as indicated in No. 1 of the agreed Heads of Concession for evaporation and other purposes and for auxiliary works, and it will be necessary to attach to the final document a plan of this land on which it is proposed that it should be distinguished by being surrounded by a red ink line. In order to avoid delay at a later date I have to suggest that the Government of Palestine should now be asked to prepare and furnish this plan, assuming that the details of the area to be leased have now been settled in Palestine with Mr. Novomeysky.

3. The plan which accompanied the High Commissioner's despatch of the 17th January,† a copy of which was transmitted in your letter of the 11th February,‡ did not define the area to be leased and in forwarding it the High Commissioner requested that the precise locality should be inserted. It appears to us, however, that this must be settled in Palestine.

I have, &c,
W. A. F. WICKHART,
for Crown Agents.

C. 67075/29 [No. 105].

No. 90

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

(Sent 8.45 p.m., 29th July, 1929.)

TELEGRAM.

[*Answered by No.* 103.]

No. 103. YOUR telegram of 9th March, No. 34.§ It will be necessary to attach to final Concession plan of land referred to in first of agreed Heads of Concession, and it is proposed that it should be distinguished by being surrounded by red ink line. Presume that details of area to be leased have been settled in Palestine with Novomeysky and should be glad if you would have plan prepared and forward it to me.—PASSFIELD.

C. 67075/29 [No. 120].

No. 91.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 17th August, 1929.

IN continuation of our letter of the 26th July‖ respecting the Concession for the recovery of salts from the Dead Sea, I have the honour to state that the draft has now been agreed with the Solicitors of the Concessionaires except for one or two

* No. 88. † No. 43 ‡ No. 46. § No. 54. ‖ No. 89.

points which it is hoped will be settled within the next few days. Meanwhile I enclose copies received from Mr. Novomeysky of letters addressed by him to the Director of Public Works and the Director of Lands in Palestine dealing with the area to be leased and certain other points. It is hoped that the despatch which we understand is expected shortly from the Government of Palestine, accompanied by the plan of this area, will confirm the arrangement indicated in these letters, but there are certain amendments in the Concession which cannot be accepted until such confirmation is received.

2. We have explained that the draft Concession will be subject to final approval by the Secretary of State. Among points of detail which in particular will require the approval of the Colonial Office are the following:—

Amount of nominal rent for the area now leased.—It is proposed to insert £1 per annum

Provision that the Government will not, for a period of 10 years, *lease to other parties* without first offering to the Concessionaires any land lying within 5 kilometres of the nearest boundary of the Concession land. This is a new provision, the necessity for which is indicated in paragraph 2 of the enclosed copy of a letter to the Director of Lands, and seems reasonable.

Provision requiring diligent working of the Concession (see the first two lines of No. 8 of the printed heads of the Concession). Wording taken from the lease by the Kenya Government to the Magadi Soda Company has, as suggested by the Colonial Office, been proposed, but the Company strongly object to any amplification of the words " with all due diligence " and it does not seem to us possible now to insist on such amplification.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

Enclosure 1 in No. 91.

SIR, 16th July, 1929.

I HAVE submitted to you a map showing the boundaries of the area which will be required for the evaporation and other purposes of the Concession in the first two years. I should like to make it clear that this area, which we regard as sufficient for the initial working of the Concession, will undoubtedly require to be extended in the following years providing the results of our first undertaking prove successful and land outside these boundaries will, upon closer investigation be found suitable for construction of pans and other requirements of the undertaking.

In the circumstances, you will appreciate that any demands for leases outside the present boundaries of the area will require to be considered in the light of the possibility of the further requirements of our undertaking, and we take it that before any such leases for a limited time are granted, you will find it possible to consult us with regard to the areas of such leases and the periods for which they should be granted.

You will observe that we have not included in the boundaries of the area requested by us the Spring of Ain el Jeheiyir, as we do not consider the land around this spring to be suitable for our purposes, but we should point out that subject to the existing water rights in this spring we may require all the water supply from this spring for our purposes. You are also aware of the fact that we are already incurring expenses in connection with the anti-malarial measures at the spring and in the construction of concrete canals. These measures are being taken on the advice and with the collaboration of the Department of Health, and it is therefore obvious that, subject to the above-mentioned existing water rights, the source should remain under our supervision. We should, therefore, be obliged by your assurance that no further leases or water rights in the spring will be granted except in consultation with our Company.

Would you kindly let me have your acknowledgment of this letter at your convenience.

I am enclosing herewith copy of a letter which I have addressed to the Director of Public Works dealing with the subject discussed at our Conference on the 11th instant when you were present.

I am, Sir,
M. NOVOMEYSKY.

The Director of Lands,
Jerusalem.

Enclosure 2 in No. 91.

SIR, 16th July, 1929.

I AM writing to confirm my interview with you at your office on the 11th July, when the Director of Lands was also present, at which we discussed the question of the area in the north-west corner of the Dead Sea to be allotted to our Company for the construction of pans and other purposes of the undertaking in accordance with the terms of the Concession.

1. It is understood that you raise no objection to the boundaries of the area being, subject to the existing lease of Ibrahim Yacoub Saba on the foreshore, those proposed by me and as indicated on the map submitted to the Director of Lands which was before you in the course of our discussion. I am instructing my engineers, who are at present engaged in the preparation of a detailed topographical map, to prepare and fix the concrete pegs showing the exact points of the boundary.

2. It was agreed that the track now leading from the Police Station to the Jordan as indicated on the map, should be closed as interfering with the position of the pans to be constructed. Another road will be laid by you outside the boundaries of the proposed area. Pending receipt of the promised account for costs incurred by you in connection with the recently undertaken improvement of this track, we will consider the question of compensation being made by our Company for the expense incurred by your Department.

3. I took note of your suggestion that the Government should lay a track inside our boundaries on the right side of the Jordan for the purpose of access to the mouth of the Jordan when this may become necessary and for the protection of trees which are under the supervision of the Department of Agriculture.

4. The question of the existing lease of Ibrahim Yacoub Saba was discussed between us, and I expressed the hope that it would be possible to arrange matters to the satisfaction of all the parties concerned without reverting to Clause 7 of the Concession Agreement.

5. The Police Station, which is at present situated on land leased to Ibrahim Saba, will be removed to a place situated outside the gates of our western boundary, when suitable arrangements have been made accordingly with the lessee. If required by the Government, our Company will be prepared to participate in the cost of removal of the station from its present site on the area.

I am, Sir,
M. NOVOMEYSKY.

The Director of Public Works,
Jerusalem.

C. 67075/29 [No. 112].

No. 92.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 19th August, 1929.)

(No. 739.) Government Offices,
MY LORD, Jerusalem, 8th August, 1929.

I HAVE the honour to refer to Mr. Amery's despatch No. 432 of the 30th May* on the subject of the Dead Sea Salts Concession and with regard to Clause 24 A (*b*) of the draft Concession to inform Your Lordship that Mr. Novomeysky has inquired what load would be permitted on a six-wheeled lorry fitted with double pneumatic tyres.

It is already provided in that clause that a maximum load of six tons will be permitted on the four back wheels of a six-wheeled lorry with single pneumatic tyres.

2. I am advised that, in the exceptional circumstances, a maximum load on each back axle of four and a half tons may be allowed in the case of six-wheeled vehicles fitted with double pneumatic tyres.

3. I should be grateful if the Crown Agents may be informed accordingly.

I have, &c.,
H. C. LUKE,
Officer Administering the Government.

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* C. 67075/29 [No. 100]: not printe

C. 67075/29 [No. 121.]

No. 93.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 2nd September, 1929.)

(No. 772.)

SIR, Palestine, 20th August, 1929.

I HAVE the honour to transmit to you, for Your Lordship's information, copies of correspondence with Mr. Novomeysky on the subject of the Dead Sea Salts Concession.

I have, &c.,
H. C. LUKE,
Officer Administering the Government.

Reference to previous correspondence:—Secretary of State's telegram No. 103 of 29th July, 1929.*

Enclosure 1 in No. 93.

YOUR EXCELLENCY, 22nd July, 1929.

IN the course of our final negotiations with the Colonial Office in the above matter, we raised both verbally and in writing the question of the possible discovery of potash salts in rock form in the vicinity of the Dead Sea, a discovery which might prove injurious to the interests of our undertaking. Having referred the matter to your Government, the Colonial Office informed us of your decision consenting to the insertion in the Concession of a reservation that "within a belt of 5 kilometres measured from the present shore line of the waters of the Dead Sea and for a period of 10 years from the date of the Concession the Government will not grant a licence for the mining of potash or other salts named in the Concession without first offering the licence to the Concessionaires on terms provided for by the Mining Ordinance" (*vide* Section 4 (i) of the Heads of Concession).

At a conference with the Colonial Office, I verbally explained that, whilst Major Tulloch and myself were prepared to accept the 5 kilometre belt, we would appreciate a widening of this belt by from 5 to 10 kilometres in the southern part of the Dead Sea, from Wadi Zuwaira on the Palestine side to Wadi Numerra on the Trans-Jordan side. As these discussions took place very shortly before the dissolution of the late Parliament, and the reference back of the matter to your Government would have entailed a further delay, we agreed to the acceptance of your proposal with the intention of taking the matter up here with Your Excellency. At the interview which I had the honour to have with Your Excellency on my arrival here, I mentioned this point to you, and I should be greatly obliged if you could now find it possible to accept our proposal as the terms of the Concession are at present being prepared by the lawyers of both parties in London for final signature.

I have, &c.,
M. NOVOMEYSKY.

His Excellency,
The Officer Administering the Government,
Government Offices, Jerusalem.

Enclosure 2 in No. 93.

SIR, 16th August, 1929.

I AM directed by the Officer Administering the Government to acknowledge the receipt of your letter of the 22nd July, on the subject of the enlargement of the belt of five kilometres round the present shore line of the Dead Sea, which is the subject of provision in Article 4 (i) of the Heads of Agreement of the draft Dead Sea Concession, to ten kilometres in certain areas, and to inform you that on the

* No. 90.

information before His Excellency it is not possible for the Palestine and Trans-Jordan Governments to consider your request.

If you desire to renew your request it will be necessary for reasons to be furnished in support of it.

I am, &c.,
E. MILLS,
Acting Chief Secretary.

Mr. M. Novomeysky,
P.O. Box 677,
Jerusalem.

C. 67075/29 [No. 116].

No. 94.

MR. M. A. NOVOMEYSKY to COLONIAL OFFICE.

[*Answered by No.* 95.]

SIR, 76, Holland Road, London, W.14, 4th September, 1929.

THE Preliminary Agreement of the Dead Sea Concession provides in paragraph 1 (A) that shares in the capital of the Company to the nominal value of not less than £100,000 shall be paid up.

Whilst this amount has been formally fixed and agreed upon, I have made it clear, in the course of my negotiations with the Colonial Office and the Crown Agents for the Colonies, that our intention was to have more capital available from the very outset, in order that we should be in a position to begin work on a somewhat larger scale than was previously contemplated, and to meet all possible contingencies which are inevitable in a new enterprise of this nature.

It was estimated that a cash capital of £250,000 would suffice to meet all contingencies, and would enable the undertaking to carry on the work in its preliminary stages undisturbed.

This view was expressed in writing in a letter of 13th March, 1929,* addressed to Sir John Shuckburgh.

The subscribers to my Company were satisfied with this proposal, and expressed their readiness to put up the full amount of £250,000 in cash.

However, on examining paragraph 3 of the draft Concession Agreement of 22nd May, 1929,† which is repeated in the second paragraph of Clause 21 of the Heads of Concession and in paragraph 18 (ii) of the draft Concession, difficulties were met with in the interpretation of these clauses.

While our understanding of the above clauses was that the figure of £250,000 mentioned there meant only cash capital, there was another opinion that it meant all the capital raised, whether issued for cash or as consideration for monies spent or services rendered.

It is obvious that in addition to the £250,000 of cash, a certain number of shares will have to be issued to cover the considerable preliminary expenses and for compensating the Concessionaires and the Syndicate which financed the scheme. The total capital to be issued would, therefore, be appreciably higher than £250,000.

Taking the second interpretation of the clauses cited above, namely, that the figure £250,000 means the whole amount of issued capital for cash and for consideration, it will be unavoidable to offer to the public, in compliance with paragraph 3 of the Preliminary Agreement, 50 per cent. of the Company's issued capital, over and above £250,000—a course which, we think, would be most inadvisable at the present juncture, and this for the following reasons:—

(1) It is neither the desire of ourselves, nor, we venture to think, can it be that of the Government, that our Company should at this stage call on the public for subscriptions. In the course of our negotiations, we have always assured the Colonial Office and the Crown Agents for the Colonies, and, in fact, the Secretary of State for the Colonies has repeatedly informed the House of Commons, in answer to questions raised, that there was sufficient money at the disposal of the Concessionaires to cover expenses of the initial stages of the undertaking.

(2) The amount which the public would be called upon to subscribe would be insignificant and render it difficult to find underwriters.

* No. 56. † Enclosure in C. 67075/29 [No. 108]: not printed.

(3) It would certainly mean a great delay in our work to have to prepare a public issue, at a time when we are anxious to comply with the two requirements of the Preliminary Agreement contained in paragraph 1 (A) and (B) very shortly, so that the final document may be executed forthwith and the actual work started on the spot before the end of this year.

In the circumstances, it would be greatly appreciated if such an interpretation could be placed upon the clause as would enable us to raise £250,000 in cash from our present subscribers and obviate any necessity of applying to the public at present.

An early decision in the matter would be of importance, as we feel that in view of the doubtless manifold occupations of the High Commissioner for Palestine at present, a reference to Palestine and Trans-Jordan would entail a very considerable delay and handicap the steps we have already taken for forming and organising the Company.

I am, &c.,
M. NOVOMEYSKY.

C. 67075/29 [No. 119].

No. 95.

COLONIAL OFFICE to MR. M. A. NOVOMEYSKY.

SIR, Downing Street, 13th September, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 4th September,* in regard to the amount of the capital of the Company which is to operate the Dead Sea Salts Concession.

2. Lord Passfield is advised that the preliminary Agreement and Heads of Concession do not admit of the interpretation that the amount of capital issued without affording the public an opportunity of subscribing may exceed £250,000, and he regrets that he cannot see his way to modify the terms of the Heads of Agreement in the sense which you desire.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 125.]

No. 96.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 98.]

4, Millbank, Westminster,
SIR, London, S.W.1, 3rd October, 1929.

IN continuation of our letter of the 17th August,† I have the honour to state that it is hoped to submit at an early date the draft of the Concession for the extraction of salt and minerals in the Dead Sea in the form agreed by us with Mr. Novomeysky and Major Tulloch, subject to the approval of the Secretary of State.

2. Meanwhile, the Concessionaires have urged that in order to save time this document, when approved, should be executed by us on behalf of the High Commissioner. Their Solicitors have called attention to the fact that the grant of rights to Mr. Rutenberg for the provision and supply of electricity in the district of Jaffa, dated 12th September, 1921, was so executed; and we would observe that the High Commissioner's despatch of the 17th January, 1929,‡ gave authority to us to act in the matter for the Governments of Palestine and Trans-Jordan jointly as regards the signing both of the preliminary agreement and of the Concession.

3. Our Solicitors, however, take the view that it would be highly improper for us to execute the Concession and write as follows:—

"It is perfectly true that the Auja Concession in 1921 was signed by the Crown Agents, but at that time the constitution of Palestine was not in full working order and the irregularity was winked at, but when the Electrical Concession

* No. 94. † No. 91. ‡ No. 43.

was granted to Rutenberg's Company in 1926 it was required, and rightly, that the Concession should be signed by the High Commissioner. In my opinion, the Concession to be valid, if granted, must be executed by the High Commissioner *virtute officii*, and he is not entitled to delegate his powers as such to the Crown Agents."

In a further letter dated to-day they say:—

"I also discussed with Mr. Novomeysky the question of the execution of the Concession by the Crown Agents on behalf of the Government, and I understand he is calling at the Colonial Office this morning to urge his request that the Crown Agents should execute the document. In my view the Crown Agents may be running a grave risk, and should only execute the Concession as agents for the Governor on the express authority of the Secretary of State and provided the Company enter into an agreement indemnifying the Crown Agents in respect of any claims that may be made against them arising out of the execution of the Concession and binding themselves not to commence any proceedings against the Crown Agents by reason of the execution of the Concession by them."

4. In order to avoid delay, we refer the point at once for the consideration of the Secretary of State.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

C. 67075/29 [No. 128.]

No. 97.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 102.]

4, Millbank, Westminster,
SIR, London, S.W.1, 8th October, 1929.

IN continuation of our letter of the 3rd October,* I have the honour to enclose two copies of the draft of the Concession for the extraction of salts and minerals in the Dead Sea in the form agreed by us with Mr. Novomeysky and Major Tulloch subject to the approval of the Secretary of State and to such alterations as may be found necessary on the receipt of the despatch which we understand is expected to arrive shortly from Palestine with the plan of the area leased.

2. The references to the Crown Agents for the Colonies in the preamble and Clause 33 have been inserted to show the wording which we should propose to adopt if the Secretary of State instructs us to execute the Concession.

3. The draft now enclosed is based on the Heads of Concession which were appended to the Agreement executed on the 22nd May, 1929.† Attention is drawn to the following points, in addition to those mentioned in paragraph 2 of our letter of the 17th August‡:—

Preamble. The name of the Company is subject to our approval. We think that "Palestine Chemicals Limited," may be approved. We are informed that the Company will be registered in England.

Clause 3 (1). This will require amendment when the High Commissioner's despatch enclosing plans has been received.

Clause 5 (v). This Clause is new and requires the approval of the Secretary of State—see paragraph 2 of our letter of the 17th August.

Clause 11 (ii). An addition has been made to provide for the provisional assessment of the rate of royalty if minimum royalty is paid before sales take place.

Clause 15. This Clause sets out as nearly as seems to be possible in advance the terms on which the Government may exercise its right to subscribe capital or to convert its interests into shares—see Head 13 of the appendix to the agreement of 22nd May, 1929.

4. In accordance with Clause 16 (ii) the appointment of the Company's auditors is subject to the approval of the Government. The Concessionaires desire to appoint Messrs. Maurice Jenks, Percival and Company, Chartered Accountants, 6, Old Jewry, E.C.2, and ask for approval of this appointment. The firm in question are of high

* No. 96. † Enclosure in C. 67075/29 [No. 108]: not printed. ‡ No. 91.

standing, and we are satisfied as the result of private inquiries that they are fully qualified to act in the capacity indicated. I have accordingly to request the Secretary of State's authority for approval on behalf of the Government of their appointment.

5. We conclude that, as a condition of the grant of the Concession to the Company, we should require the Concessionaires to execute an assignment of the indemnity agreement of 22nd May, 1929, to the Company under which the latter will accept all obligations thereunder.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

C. 67075/29 [No. 127.]

No. 98.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 14th October, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 3rd October* regarding the draft Concession for the extraction of salts and minerals in the Dead Sea.

2. In reply, I am to state that the Concession should be drawn up in a form to be executed by yourselves on behalf of the Governments of Palestine and Trans-Jordan. There should be included in the draft Concession such provision for your protection as your Solicitors may advise to be necessary.

3. A further letter will be addressed to you regarding the terms of the draft Concession.

I am, &c.,
H. R. COWELL.

C. 67075/29 [No. 132.]

No. 99.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 100.]

4, Millbank, Westminster,
SIR, London, S.W.1, 25th October, 1929.

WITH reference to your letter of the 14th October† I have the honour to state that Mr. Novomeysky and Major Tulloch now propose that the name of the Company to be formed to work the Dead Sea Salts Concession shall be "Palestine Potash Limited" instead of "Palestine Chemicals Limited."

We see no objection to this alteration, and propose, subject to the Secretary of State's concurrence, to state that it is approved.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

C. 67075/29 [No. 133].

No. 100.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 2nd November, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 25th October,‡ regarding the draft Dead Sea Salts Concession, and to state that he has no objection to the proposal that the name of the Company to be formed to

*No. 96. † No. 98. ‡ No. 99.

work the Concession shall be "Palestine Potash, Limited," instead of "Palestine Chemicals, Limited."

2. Mr. Novomeysky should be informed that the Secretary of State's decision with regard to the terms of the draft Concession will be communicated to him as soon as possible.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 130.]

No. 101.

COLONIAL OFFICE to MR. M. A. NOVOMEYSKY.

SIR, Downing Street, 5th November, 1929.

WITH reference to previous correspondence on the subject of the Concession for the extraction of salts and minerals in the Dead Sea, I am directed by Lord Passfield to inform you that he has now approved of the draft of the Concession in the form agreed between yourself and the Crown Agents subject to such alterations as may be found necessary on receipt of a despatch from Palestine covering the plan of the area leased.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 131.]

No. 102.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 5th November, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 8th October,* and to inform you that he approves of the draft of the Concession for the extraction of salts and minerals in the Dead Sea in the form agreed by you with Mr. Novomeysky and Major Tulloch, subject to such alterations as may be found necessary on the receipt of a despatch from Palestine with a plan of the area leased. In connection with the form of the Concession, I am to invite attention to the letter from this Department of the 14th October.†

2. Lord Passfield agrees that the name of the Company, "Palestine Chemicals Limited," may be approved. He approves of Clause 5 (v) in the draft Concession and of the addition to Clause 11 (ii). He agrees that the appointment of Messrs. Maurice Jenks, Percival and Company as Auditors may be approved.

3. With reference to the fifth paragraph of your letter, you should require the Concessionaires to execute an assignment of the indemnity agreement of 22nd May, 1929, as you propose.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 135].

No. 103.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 7th November, 1930.)

[*Answered by No.* 108.]

(No. 960.) Government Offices, Jerusalem.
29th October, 1929.

MY LORD,

I HAVE the honour to refer to Your Lordship's telegram No. 103 of the 29th July,‡ regarding the Dead Sea Salts Concession, and to forward herewith in triplicate a plan§ of the land mentioned in the first agreed Head of the Concession distinguished, as Your Lordship desire, by a perimeter in red ink. The area of this land is 4.66 square kilometres.

* No. 97. † No. 98. ‡ No. 90. § Not reproduced here.

2. The details of the area within the perimeter, which is to be leased to the Concessionaires, were, as Your Lordship presumes, settled in Palestine with Mr. Novomeysky. I deemed it advisable, however, to modify his proposals in the particulars described in the following paragraphs of this despatch, and the Manager of the Company in Jerusalem has been notified of the modification.

3. The plan accompanying this despatch is based on an original sketch map presented by Mr. Novomeysky, of which a photographic copy is attached.† The measurements and physical features on this sketch map at the mouth of the Jordan were not accurate. The boundaries which he proposed were therefore traced correctly according to linear dimensions on the accurate plan prepared by the Department of Surveys. The shore of the Dead Sea and the main track to Jerusalem were taken as the definite bases for fixing the boundaries.

The result is that, while Mr. Novomeysky will receive land of the area and configuration for which he applied, the eastern boundary of it is not, as appeared on his sketch map, coincident with the western bank of the Jordan.

The land between the eastern boundary of the demised area and of the Jordan will be unassigned for the present. Its area is approximately 50 hectares. When the Jordan is in flood a large part of this area is inundated, and I understand that there is some doubt whether it could be possible to construct salt pans on it.

4. I decided, after consultation with my advisers, to make certain reservations from the demised area. These reservations are shown on the plan, and are described as follows:—

First, a strip of land 50 metres wide along the shore of the Dead Sea to maintain a right of way for Government from the west side of the demised area to the mouth of the Jordan, in order to safeguard possible requirements of Government in future years.

Secondly, a small plot 28 metres by 172 metres on which buildings, known as the Dead Sea Post, at present under lease from Government to a certain Ibrahim Yacoub Saba, are located.

Thirdly, a strip 30 metres wide along the west bank of the Jordan comprising a forest area in the care of the Department of Agriculture.

(This strip is in the region, which, for the reason given in paragraph 3 above, lies at present outside the demised area.)

Fourthly, another strip 20 metres wide abutting on the western boundary of the forest area giving access to the river mouth from the north.

(A right of way 20 metres wide from the north-east corner of the demised area to the Jordan for their fresh-water pipe-line is granted to the Concessionaires. This right of way is shown in the plan.)

5. I recommend that, as the demised area exceeds the 4-square kilometres prescribed, the region between the demised area and the Jordan be held in reserve by Government until it is determined whether it is suitable for salt pans and is required by the Concessionaires for that purpose.

6. I propose that the Concessionaires shall indemnify Government in respect of the cost of providing a new track from the Dead Sea Post—Jerusalem-Jericho Road to the Place of the Holy Baptism on the Jordan, which it will be necessary to construct in consequence of the inclusion of part of the present track in the demised area.

I have, &c.,
J. R. CHANCELLOR,
High Commissioner for Palestine

No. 104.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 107.]

GENTLEMEN, Downing Street, 12th November, 1929.

WITH reference to previous correspondence on the subject of the draft Dead Sea Salts Concession, I am directed by Lord Passfield to transmit to you the accompanying copy of a despatch* from the High Commissioner for Palestine enclosing in triplicate a plan of the land to be leased to the Concessionaires.

2. I am to ask that the substance of the High Commissioner's despatch, together with a copy of the plan, may be communicated to Mr. Novomeysky.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 137].

No. 105.

MR. M. A. NOVOMEYSKY to COLONIAL OFFICE.

[*Answered by No.* 106.]

SIR, 62, Pall Mall, London, S.W.1, 12th November, 1929.

ON behalf of Major Tulloch and myself, I beg to inform you that the Company contemplated by the Preliminary Agreement of the 22nd of May, 1929,† was on the 31st October, 1929, incorporated in this country, under the title of "Palestine Potash Limited," with the object, *inter alia*, of acquiring the Concession.

In accordance with our understanding, the Articles of Association of the Company provide "that the Chairman of the Board of Directors shall be a British subject" and also that "the majority of the Directors from time to time shall consist of persons who are British subjects or British and Palestinian subjects together."

The present Directors of the Company are:—

The Right Honourable the Earl of Lytton, P.C., G.C.S.I., G.C.I.E., Knebworth House, Knebworth, Herts, Chairman

Mr. Ernest W. D. Tennant, Director of Messrs. C. Tennant, Sons and Company Limited, 9, Mincing Lane, E.C.3.

Lieutenant-Colonel Harold J. Solomon, O.B.E., M.C., late Director of Department of Commerce and Industry in the Palestine Government, 49, Hornton Street, W.8.

Colonel David Lvell, C.M.G., C.B.E., D.S.O., Chartered Civil Engineer, Director of Messrs. Pauling & Company Limited, Public Works Contractors, 26, Victoria Street, London, S.W.1.

Mr. Bernard Flexner, Chairman. Palestine Economic Corporation, 40, Exchange Place, New York, Lawyer.

Mr. Felix M. Warburg, Vice-Chairman, Palestine Economic Corporation, 40, Exchange Place, New York.

Mr. I. B. Brodie, 2560, Graybar Buildings, New York, Lawyer.

Mr. Edward M. Friedman, 915, Broadway, New York, Manufacturer.

Major T. G. Tulloch (late R.A.), M.I.A.E., 2, South Parade, Southsea, Hants

Mr. M. A. Novomeysky, M.Inst.M.M., Mining Engineer, 62, Pall Mall, London, S.W.1.

The nominal capital of the Company is £400,000. We are already aware of subscriptions for upwards of the £100,000 mentioned in the Agreement of the 22nd of May, 1929, and I shall be informing you in a few days of the names of "the responsible parties" (phrase mentioned in the Agreement) holding allotments of shares not fully paid. Thereupon we shall have the pleasure of asking the Crown Agents for the Colonies to arrange an appointment for completing the matter and handing over the Concession.

I have, &c.,
M. NOVOMEYSKY.

C. 67075/29 [No. 138].

No. 106.

COLONIAL OFFICE to MR. M. A. NOVOMEYSKY.

SIR, Downing Street, 13th November, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 12th November,‡ reporting the formation of a Company entitled "Palestine

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* No. 103. † Enclosure in C 67075/29 [No. 108]: not printed. ‡ No. 105.

Potash Limited " with the object, *inter alia*, of acquiring the Dead Sea Salts Concession, and giving the names and addresses of the present Directors of the Company.

2. A copy of your letter is being transmitted to the Crown Agents for the Colonies with whom you should place yourself in communication in order that the matter may be completed.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 141].

No. 107.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 109.]

4, Millbank, Westminster, London, S.W.1,
19th November, 1929.

SIR,

WITH reference to your letter of the 12th November,* respecting the Dead Sea Salts Concession, I have the honour to state that a memorandum embodying the substance of the High Commissioner's despatch of the 29th October,† was communicated to Mr. Novomeysky together with a copy of the plan enclosed therewith, and I enclose a copy of a letter which we have received from him in reply. It will be seen from the following observations that we support Mr. Novomeysky's request for some modification of the proposals now made by the Palestine Government, and we recommend in order to avoid delay, that if his proposals are not accepted, a conference should be held at the Colonial Office at an early date in order to enable him to put his case more fully. We also recommend that if further reference to the Government of Palestine is necessary it should be made by telegram.

2. Paragraph 2 of the High Commissioner's despatch states that the details of the area to be leased were settled with Mr. Novomeysky in Palestine, and that statement is borne out by the Chief Secretary's letter of the 10th October, of which a copy given to us by Mr. Novomeysky is enclosed herewith together with a copy of his letter to the Director of Public Works of the 16th July.‡ He points out that he has proceeded with financial arrangements on the strength of the Government's letter of the 10th October and he appears to us to have a strong case against any variation of its terms.

3. The variations which the Government's despatch involve are (*a*) that the eastern boundary of the Concession area is no longer coincident with the western bank of the Jordan, and (*b*) that the southern boundary is no longer coincident with the northern shore of the Dead Sea.

4. As regards the eastern boundary the High Commissioner's despatch explains that the measurements and physical features on Mr. Novomeysky's sketch map were not accurate, and that when the area contemplated is traced correctly the eastern boundary does not coincide with the Jordan; but paragraph 5 indicates that a subsequent grant of the intervening area with some reservations is contemplated. Mr. Novomeysky urges that the inclusion of this area at the present time is necessary for the operations which he has planned. It is obviously in the interests of the Government that developments should proceed as rapidly as possible, and we submit that the Jordan should be adopted as the eastern boundary of the concession area provided that a clause is included in the Concession in accordance with (*b*) of the Chief Secretary's letter of the 10th October, and the third and fourth reservations in paragraph 4 of the High Commissioner's despatch.

5. As regards the southern boundary the High Commissioner's despatch definitely excludes from the concession area a strip of land along the shore of the Dead Sea. We share Mr. Novomeysky's view that this is inconsistent with the grant of an area abutting upon the Dead Sea which has been contemplated throughout the negotiations and was specified in the first of the Heads of Concession appended to the Agreement of the 22nd May, 1929.§ We submit that the reservation of a right of way for Government from the western side of the demised area to the mouth of the Jordan coupled with the right given by Clause 3 (ii) of the draft Concession to take on payment of compensation such further parts of the Concession lands as may

* No. 104. † No. 103. ‡ Enclosure 2 in No. 91. § Not printed.

be required for public roads or other public facilities should meet the Government's possible requirements in future years, and is all that can equitably be required.

6. The other points mentioned in paragraph 4 (ii) and paragraph 6 of the High Commissioner's despatch present no difficulty, but Mr. Novomeysky has requested that in excluding from the demised area the piece of land already leased to Ibrahim Yacoub Saba provision should be made that this land will be included in the area demised as soon as the said lease is terminated whether by lapse of time or by expropriation under the terms of Clause 5 of the draft Concession, and we propose if the Secretary of State approves to include such a provision.

7. One copy of the plan which accompanied the High Commissioner's despatch is returned herewith for reference, together with the photographic copy of Mr. Novomeysky's sketch map.

I have, &c.,
HENRY LAMBERT.

Enclosure 1 in No. 107.

62, Pall Mall, S.W.1, 16th November, 1929.

GENTLEMEN,

WE have now had an opportunity of considering the memorandum of the Palestine Government and plan relating to the area of land to be granted to the Concessionaires, handed to us by Mr. Ransom when Major Tulloch and myself called at your offices a few days ago.

If we correctly understand these documents, it would appear from a consideration of them that the Palestine Government is, at this late stage, proposing vital variations in the arrangements formulated in the Chief Secretary's letter of 10th October, 1929, addressed to our Manager in Jerusalem. This letter confirmed the terms which had been agreed with the Palestine Government, as given in my letter of 16th July, 1929, to the Director of Public Works in Jerusalem, copies of which are before you, save that my letter of 16th July contained no specific reference to the reservation of a right of way, seeing that such reservation is expressly included by the terms of the Concession, and therefore appear to be redundant. The reservation, however, implied in paragraph 4 of the memorandum is not the reservation of a right of way, but of a strip of land, which is something entirely different. It is indeed in direct contradiction with the actual terms of the Agreement of 22nd May, 1929, which provided for a lease of land abutting upon the Dead Sea. It cannot be contended that land abuts on the Dead Sea if it is separated from it by a space of 50 metres in width; and indeed the interposition of such a space between the Dead Sea and the Concession area would make the whole working of the Concession extremely difficult, both from technical and practical points of view.

It is a fact that this very narrow space of land of 50 metres in width is essential for the purposes of the Concession. Apart from the technical requirements, it is the only strip of land where all the buildings for the housing of the workmen and employees must be erected. This was recognised by the report published by the Crown Agents for the Colonies, dated 3rd May, 1924, on the Malarial Conditions at the Dead Sea area, where it is stated in paragraph 4 that " the Dead Sea Post is the only site suitable for settlement on the seashore which would not be highly malarious." This was confirmed by all Government authorities who have had occasion to give the matter consideration. Yet, the proposal now apparently made by the Government would appear to exclude the whole of this site from the Concession area. If what the Government desires is merely to have a right of way no difficulty arises, for we are, and always have been, perfectly ready and willing that the Government should enjoy a right of way in the vicinity of the shore of the Dead Sea provided that the Concession area comes actually down to the waters of the Dead Sea.

The right of way would run behind the works (with, of course, appropriate access to the Dead Sea) along the present existing road shown on the map, between two rows of houses which, according to our scheme, are to be erected there. Until the receipt of the present memorandum, the Government has never suggested that it contemplated anything more.

The question of the eastern boundary of the area, which was the subject of much discussion between the Government Departments in Jerusalem and myself, has been finally decided in the way desired by the Government and expressed in paragraph (b) of the Chief Secretary's letter dated 10th October, 1929. A strip of land

on the right bank of the Jordan about 30 metres wide, called " the forest areas," plus another strip 20 metres wide, abutting on the west side of this forest area, were to be reserved for the Government and excluded from the leased area. You will observe that the proposal relating to the eastern boundary, as expressed in the memorandum, differs considerably from that decided upon by the Government previously. It is there suggested that a comparatively large area of about 50 hectares bordering on the Jordan should be excluded from the land to be assigned.

The exclusion of this area may interfere with the engineering scheme proposed by us, and we should accordingly be unable to accept it in the form proposed by the Government in the memorandum.

As to the plot of land 28 metres by 172 metres, for which a lease has been granted to Mr. Ibrahim Yacoub Saba, I beg to refer to my letter of the 16th July, 1929, addressed to the Director of Public Works Department, Jerusalem.

It is, of course, understood that should a fair settlement with the lessee prove impossible, the Government will, at the request of the Company, make use of its right of expropriation.

I think it is only right that I should point out that following the receipt of the Chief Secretary's letter of the 10th October, 1929, we have proceeded with the formation of the Company and also allotted a large amount of capital, and took in hand the necessary arrangements for starting operations on the Concession, including heavy financial commitments. We should have hesitated to do that had it not been for the agreement reached with the Government of Palestine on the last point of difference, namely, the boundaries of the Concession area, as set out in the Chief Secretary's letter of 10th October last.

In view of the aforesaid, I should appreciate if you would arrange an appointment for discussing the matters arising from the memorandum of the Palestine Government.

I am, &c.,

M. NOVOMEYSKY.

The Crown Agents for the Colonies.

Enclosure 2 in No. 107.

(No. 868/29.) Secretariat, Government Offices,
Jerusalem, 10th October, 1929.

SIR,

I AM directed to inform you that His Excellency the High Commissioner has agreed to the grant of a lease to your Syndicate of the area at the northern end of the Dead Sea which is to be placed at the disposal of the Concessionaires in accordance with the terms of Clause 1 of the draft Concession.

The area is that shown on the plan produced by Mr. M. A. Novomeysky to the Director of Public Works at a meeting held in Jerusalem on the 11th July, limited and conditioned, however, by the following exclusions and stipulations:

(*a*) The exclusion of the existing lease of a piece of land of 28 m. x 175 m. on the northern shore of the Dead Sea on which buildings known as the Dead Sea Post are situated, at present leased to Ibrahim Yacoub Saba.

(*b*) The exclusion of the forest area on the right bank of the Jordan plus a strip of land 20 m. in width abutting on the west side of this forest area, thus providing, if required in the future, a strip of land giving access to the mouth of the Jordan from the north.

(*c*) The preservation of a right of way for Government along the shore of the Dead Sea from the west side of the land to be occupied by the Concessionaires below the Monastery of St. John.

(*d*) Compensation by the Concessionaires for the provisions of a new track from the Dead Sea Post—Jerusalem Jericho Road to El Maghtas (Place of Baptism) on the Jordan, below the Monastery of St. John.

I am, &c.,

MAX NUROCK,
for Chief Secretary.

Mr. S. A. Van Vriesland,
Palestine Mining Syndicate,
Jerusalem.

C. 67075/29 [No. 142].

No. 108.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 9.10 p.m., 21st November, 1929.)

TELEGRAM.

[*Answered by No.* 110.]

No. 268 YOUR despatch 29th October, No. 960.* Dead Sea Salts Concession. Novomeysky represents that omission of area between proposed eastern boundary and Jordan will interfere with his engineering projects. I suggest that eastern boundary should be made coincident with western bank of Jordan subject to reservation of forest strip and strip giving access to river mouth from the north, see last part of paragraph 4 of your despatch. Person named also points out that reservation of strip along northern shore of Dead Sea definitely excludes Concessionaires from access to sea and is inconsistent with grant of an area abutting upon the Dead Sea as specified in No. 1 of Heads of Concession enclosed in my despatch of 30th May, No. 432.† Reservation of a right of way for Government from western side of demised area to mouth of Jordan coupled with right to take on payment of compensation such further parts of concession lands as may be required for public purposes should meet requirements of Government. It is obviously in interests of Government that developments should proceed as rapidly as possible.

Should be glad to receive your views by telegram at an early date.—PASSFIELD.

C. 67075/29 [No. 144].

No. 109.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 22nd November, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 19th November,‡ enclosing a copy of a letter from Mr. Novomeysky regarding the plan of the area to be granted to the company to be formed to work the Dead Sea Salts Concession.

2. I am to enclose, for your information, a copy of a telegram§ which has been addressed to the High Commissioner for Palestine as a result of the representations made by Mr. Novomeysky. The question whether it will be desirable to hold a conference to discuss the matter will be deferred pending the receipt of the High Commissioner's reply.

3. With regard to the sixth paragraph of your letter, I am to state that the Secretary of State agrees to your including in the draft Concession a provision that the land already leased to Ibrahim Yacoub Saba will be included in the demised area as soon as the said lease is terminated whether by lapse of time or by expropriation under the terms of Clause 5 of the draft Concession.

I am, &c.,
H. R. COWELL.

C. 67075/29 [No. 147].

No. 110.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 3.45 p.m., 2nd December, 1929.)

TELEGRAM.

No. 316. 2ND DECEMBER. Your telegram 21st November, No. 268.§ Dead Sea Concession.

(i) I have received from the Concessionaire no plan of his engineering project and having regard to conformation of the ground, it is difficult to see how his project would be hampered by the omission of area between proposed eastern boundary and Jordan if right of way of pipe-lines to river and site for a pumping station on the river bank are reserved for him. But I do not oppose the suggestion that western boundary of the concession area should be made coincident with western bank of the Jordan subject to the reservations by the Government: (*a*) forest area 30 metres wide

* No. 103. † C. 67075/29 [No. 100]: not printed. ‡ No. 107. § No. 108.

along the river bank: and (*b*) strip 20 metres wide on the western boundary of the area for the road to secure access to the river mouth from the north and to payment by the Concessionaire of fair rental for area so assigned to him in excess of 4 square kilometres included within boundary concession area. The excess area will amount to 1.16 square kilometres and £P.150 would be reasonable annual payment.

(ii) Regarding the strip along the northern shore of the Dead Sea, object was to preserve the right of way for Government. It was not intended to exclude the Concessionaire from access to the Sea. I agree, however, to alternative proposal in your telegram provided that Concessionaire undertakes to construct a satisfactory road over which the Government shall have the right of way.

(iii) In view of the serious flooding which is caused by the obstruction and shallow south of Allenby Bridge no engineering project of Concessionaire which involves interference with free discharge of Jordan can be approved.

C. 67075/29 [No. 149].

No. 111.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 6th December, 1929.

WITH reference to the letter from this Department of the 22nd November,* regarding the plan of the area to be granted to the Company formed to work the Dead Sea Salts Concession, I am directed by Lord Passfield to transmit to you a copy of a telegram† from the High Commissioner for Palestine concerning the representations made by Mr. Novomeysky.

2. I am to ask that the substance of this telegram may be communicated to Mr. Novomeysky.

I am, &c.,
O. G. R. WILLIAMS.

C. 67075/29 [No. 151].

No. 112.

SIR HENRY LAMBERT (CROWN AGENTS FOR THE COLONIES) to
SIR J. E. SHUCKBURGH (COLONIAL OFFICE).

[*Answered by No.* 113.]

4, Millbank, Westminster, London, S.W.1,
7th December, 1929.

MY DEAR SHUCKBURGH,

NOVOMEYSKY called here to discuss the outstanding points about the Dead Sea Concession, and is still considering the question of the eastern boundary and the proposed rent of £150. (See your official letter of 6th December.‡)

As regards the southern boundary, the High Commissioner's telegram of the 2nd December† meets the previous difficulty, except that it requires the Concessionaire to *construct* a satisfactory road over which the Government shall have a right of way; but Novo says that the road already exists and urges that it would not be fair to saddle him by the terms of the agreement with a liability to construct it. Would the Colonial Office be prepared to substitute without further reference to Palestine the words " preserve in a satisfactory condition the existing road on the foreshore over which the Government shall have a right of way? "

Since it has always been contemplated that the shore of the Dead Sea would be the southern boundary of the concession area, it does not appear that the Government is justified now in adding, as a condition of the adoption of that boundary, a new obligation of the Concessionaire, namely, the construction of a road.

I believe that Lord Lytton wishes to come and see you about outstanding points early next week, if it is necessary to state the Company's case more fully.

I do not think that the action of the Palestine Government is quite fair in trying to extract small advantages after the main lines of the settlement have been determined. It would be a very good thing if the Colonial Office would take the matter into their own hands now, as reference to Palestine only seems to take time and to produce a fresh crop of pettyfogging points.

Yours, &c.,
HENRY LAMBERT.

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* No. 109. † No. 110. ‡ No. 111.

C. 67075/29 [No. 152].

No. 113.

SIR J. E. SHUCKBURGH (COLONIAL OFFICE) to
SIR H. LAMBERT (CROWN AGENTS FOR THE COLONIES)

MY DEAR LAMBERT, Downing Street, 10th December, 1929.

I HAVE your letter of the 7th December,* concerning the Dead Sea Salts Concession.

In the circumstances, we are prepared to approve, without further reference to Palestine, of the substitution of the words " maintain in a condition satisfactory to the Government the existing road on the foreshore over which the Government shall have a right of way," for those in the High Commissioner's telegram of the 2nd December.†

Yours, &c.,
J. E. SHUCKBURGH.

C. 67075/29 [No. 154].

No. 114.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 12th December, 1929.

WITH reference to the letter from this Department of the 6th of December,‡ regarding the Dead Sea Salts Concession, I am directed by Lord Passfield to inform you that the conditions included in the High Commissioner's telegram of the 2nd of December† have been discussed with Lord Lytton.

2. As regards the rent payable for the area in excess of four square kilometres, Lord Passfield agrees that rent should be payable at a rate not exceeding £150 per annum, on the understanding that the Concessionaires are at liberty to give up at any time any part of the excess area which is not required for their purposes, the rent payable being thereafter subject to a proportionate reduction.

3. As regards the final paragraph of the High Commissioner's telegram of the 2nd of December, Lord Lytton has accepted the condition on the understanding that the Concessionaires will be at liberty to submit to the High Commissioner for approval proposals for any works which in their opinion do not involve interference with the free discharge of the Jordan, and that the High Commissioner's approval of such works will not be unreasonably withheld.

4. The question of the road along the northern shore of the Dead Sea has been dealt with in semi-official correspondence. It is understood that the Concessionaires wish, if possible, to submit the Agreement for signature at a board meeting to be held on the 13th of December, and Lord Passfield would be glad if their wishes could be met if possible.

I am, &c.,
H. R. COWELL.

C. 77075/30 [No. 1].

No. 115.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 1.27 p.m., 11th January, 1930.)

TELEGRAM.

No. 15. 11TH JANUARY. My telegram 2nd December, No. 316.† Dead Sea Concession. Local Representative of Concessionaire has submitted that in view of the terms of the first sentence of paragraph 1 of the Head of the Concession, the Company are entitled to obtain for a nominal rent the excess area of 1.16 square kilometres referred to in last sentence of paragraph (1) of my telegram, on the ground that this is further area actually required for auxiliary work other than evaporation in connection with working of area of 4 square kilometres. I am advised that this submission is correct and have accordingly caused local Representative to be informed that a nominal rent only will be charged for this excess area.

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* No. 112. † No. 110. ‡ No. 111.

C. 77075/30 [No. 2].

No. 116.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 11th January, 1930.

REFERRING to your letter of the 12th December,* and previous correspondence respecting the Dead Sea Salts Concession, I have the honour to enclose a copy of the Concession Agreement† which was executed by us under date 1st January, 1930, and is held by us in safe custody in the absence of other instructions. Twenty-five further prints of this Agreement are being sent to you direct by our Solicitors for the use of the Colonial Office and the Governments of Palestine and Trans-Jordan. I enclose also three copies of the Indemnity Agreement executed at the same time and two copies of the Company's Memorandum and Articles,† together with a copy of a letter respecting Article 15 which, on the advice of our Solicitors, we obtained from the Company in order to make clear the intention of Clause 13 of the Concession. Satisfactory evidence has been furnished of the provision of capital in accordance with Clause 1 (B) of the Agreement of the 22nd May, 1929. A copy of a letter from the Company's Auditors giving details is enclosed herewith.

2. In our letter of the 8th October‡ we pointed out that amendments of Clause 3 (i) would be required on receipt of the High Commissioner's despatch with a plan of the area to be leased, and these amendments have formed the subject of subsequent correspondence in accordance with which the southern and eastern boundary lines shown on the Palestine Government's plan have not been adopted. It was necessary in consequence to prepare amended plans for attachment to the Concession, but these have not been reproduced in the 25 prints referred to above. Three copies of the amended plan§ are being sent to you under separate cover, and further copies can be furnished if desired.

3. The amendments of the Concession documents arising out of the High Commissioner's despatch of the 29th October,‖ and his telegram of the 2nd December,¶ and related correspondence occur in the definition of the concession lands on page 2 of the print, in the latter part of Clause 2 (page 3 of the print), and in Clause 3.

I have, &c.,
H. C. RANSOM,
for Crown Agents.

Enclosure 2 in No. 116.

(Stamped) Ten Shillings Stamp.

THIS DEED made this first day of January One thousand nine hundred and thirty BETWEEN PALESTINE POTASH LIMITED whose registered office is situate at 62 Pall Mall in the City of Westminster (hereinafter called " the Company ") of the one part and HIS EXCELLENCY SIR JOHN ROBERT CHANCELLOR G.C.M.G., G.C.V.O., D.S.O., High Commissioner for Palestine and High Commissioner for Trans-Jordan for and on behalf of the Government of Palestine and the Government of Trans-Jordan (hereinafter called " the Governments ") by the Crown Agents for the Colonies of the other part WHEREAS the Governments have granted to the Company a sole and exclusive concession (hereinafter called " the recited concession ") for the extraction of salts from the waters of the Dead Sea the terms of which are set out in a Deed made between the Governments and the Company and dated the first day of January One thousand nine hundred and thirty And whereas during the progress of the negotiations respecting the recited concession claims were put forward on behalf of other parties (hereinafter called " the Claimants ") alleging that the Claimants were entitled under a concession granted by the Turkish Government (hereinafter called " the Turkish concession ") to certain rights with respect to the extraction of salts from the waters of the Dead Sea which conflict with the rights conferred by the recited concession And whereas it was a condition of the grant of the recited concession that the Company should enter into the covenants hereinafter contained Now this Deed WITNESSETH that In consideration of the grant by the Governments of the recited concession the Company hereby for themselves their Successors and permitted Assigns covenant with the Governments that

* No. 114. † Not reprinted here. ‡ No. 97. § Not reproduced here. ‖ No. 103. ¶ No. 110.

1. IF within the period of three years from the twenty-second day of May One thousand nine hundred and twenty-nine the said claim made by the Claimants or their assignees shall prove to be well founded and the validity of their alleged Turkish concession will be held by any Judicial or Arbitral Tribunal to be established the Company will at their own cost and expense do all such things as may be necessary to enable the Governments or either of them to carry out the decision of such Tribunal (other than the payment of pecuniary damages and/or costs should any such be awarded) and to give full force and effect to such Turkish concession so held to be valid and shall not be entitled to any compensation or indemnity from the Governments or either of them if as a result the Governments are prevented from giving the recited concession full force and effect.

2. So far as the recited exclusive concession granted to the Company is not in conflict with the Turkish concession to which the Claimants shall be held to be entitled the recited concession shall continue in full force and virtue but should the Claimants be held to be entitled to a Turkish concession of such scope as to make the recited concession granted to the Company unworkable in the opinion of the Company the Company may within three months after the delivery of the Judgment or decision give three months' notice in writing to the Governments of their intention to terminate the recited concession and the Company and the Governments shall thenceforth be relieved of all obligations thereunder.

3. WHILE any proceedings instituted by the Claimants are pending and for a period of three months from the date of the final decision therein the conditions contained in the recited concession to be observed by the Company shall be suspended and no penalties shall be incurred by the Company for failure to comply with any such conditions during such period.

IN WITNESS whereof Palestine Potash Limited have caused their Common Seal to be hereunto affixed and Sir Henry Charles Miller Lambert K.C.M.G., C.B., one of the Crown Agents for the Colonies has hereunto set his hand and seal the day and year first above written.

The Common Seal of Palestine Potash Limited was hereunto affixed in the presence of } PALESTINE POTASH LIMITED.

(Sd.) M. Novomeysky, } Directors.
(,,) T. G. Tulloch,
(,,) E. W. D. Tennant,
(,,) G. A. Stolar, Secretary.

Signed sealed and delivered by Sir Henry Charles Miller Lambert in the presence of }

Enclosure 4 in No. 116.

GENTLEMEN, 62, Pall Mall, London, S.W., 31st December, 1929.

IT is clearly understood and agreed that the provisions of Article 15 of the Company's Articles of Association will not entitle the Company when calculating the proportion of profits to be paid to the Government under Clause 13 of the Concession to include any sums paid by it for interest out of capital as part of the cost of construction and equipment. Instructions to this effect will be given to the Auditor of the Company when preparing his certificate.

I am, &c.,
for and on behalf of the Palestine Potash Ltd.,
M. NOVOMEYSKY,
Managing Director.

The Crown Agents for the Colonies,
4, Millbank,
Westminster,
S.W.1.

Enclosure 5 in No. 116.

GENTLEMEN, 6, Old Jewry, London, E.C.2, 19th December, 1929.

WE beg to refer to paragraph 1 (b) of the Preliminary Agreement and Heads of Concession between yourselves and Messrs. Novomeysky & Tulloch dated 22nd May, 1929, and to inform you that we have examined the Company's records and find that Preference Shares of £1 each in the Company to the nominal value of £125,950 have been subscribed for, and sums amounting in the aggregate to Seventy-eight thousand five hundred and sixty-five pounds (£78,565) have been received in respect thereof.

The balance of £47,385 outstanding includes unconditional subscriptions from the following:—

	£
Messrs. C. Tenant, Sons & Co., Balance on 25,000 Shares ...	12,500
Jewish Colonial Trust, Ltd., Balance on 21,000 Shares	15,000
Pauling & Co., Ltd., Balance on 15,500 Shares	10,000
Basil Montgomery & Co., Balance on 2,000 Shares	1,000
	£38,500

Yours, &c.,
MAURICE JENKS, PERCIVAL & Co.

The Crown Agents for the Colonies,
Millbank,
S.W.1.

C. 77075/30 [No. 3].

No. 117.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(No. 79.)

SIR, Downing Street, 30th January, 1930.

WITH reference to your telegram No. 15 of the 11th of January,* and to previous correspondence regarding the Dead Sea Salts Concession, I have the honour to transmit to you a copy of a letter† from the Crown Agents for the Colonies on this subject together with the following documents:—

15 copies of the Concession Agreement.‡
2 copies of the amended plan of the area to be leased.§
3 copies of the Indemnity Agreement.
1 copy of the Memorandum and Articles of Association of Palestine Potash Limited.‡
3 copies of a letter dated the 31st December, 1929, from the Company regarding Article 15 o fthe Company's Articles of Association.‖
3 copies of a letter dated the 19th December, 1929, from the Company's Auditors.¶

2. I would explain that your telegram under reference arrived in the Colonial Office too late to affect the terms of the Concession Agreement, but in view of the fact that Clause 2 of the Agreement provides for an annual rent not exceeding £150 for the additional area referred to, it will be possible for the Government to charge no more than a nominal rent in respect thereof.

I have, &c.,
PASSFIELD.

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* No. 115. † No. 116. ‡ Not reprinted here. § Not reproduced here.
‖ Enclosure 1 in No. 116. ¶ Enclosure 5 in No. 116.

Not to be destroyed.
Printed for the use of the Colonial Office.

Middle East
No. 18.

PALESTINE.

ESTIMATES AND FINANCES, 1928.

CORRESPONDENCE

(In continuation of Middle East No. 16; continued by Middle East No. 27.)

Not to be destroyed.

Printed for the use of the Colonial Office.

Middle East
No. 18.

PALESTINE.

ESTIMATES AND FINANCES, 1928.

CORRESPONDENCE

(*In continuation of Middle East No.* 16; *continued by Middle East No.* 27.)

Printed for the use of the Colonial Office.

Middle East
No. 18.

PALESTINE.

ESTIMATES AND FINANCES, 1928.

CORRESPONDENCE

(*In continuation of Middle East No.* 16; *continued by Middle East No.* 27.)

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PALESTINE.

ESTIMATES AND FINANCES, 1928.

CORRESPONDENCE.

C. 57038/28 [No. 1].

No. 1.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 2nd January, 1928.)

[*Answered by No.* 2.]

(Confidential A.)

SIR, Government Offices, Jerusalem, 20th December, 1927.

I HAVE the honour to transmit Estimates for the year 1928 for consideration.

2. The financial position of the Palestine Government at the end of the year 1927 is apparently more satisfactory than I had reason to suppose might be the case in August last. The revised revenue is £P1,693,304 and the revised expenditure is £P1,665,819 in the financial period of nine months. On the year's working there is an apparent surplus of £P27,685 but this will be affected by any write-off of stores or any transfer of loan expenditure. This apparently satisfactory result has been achieved mainly by the postponement of the approval of the Estimates for the financial year. It is a consequence of the postponement that provision must be made in Estimates 1928 for works begun late this year which must be completed next year. The surplus balances of this Government present no encouraging features in regard to the provision of funds for development and provision of permanent works. As you are aware these balances are already fully allocated to definite commitments in the near future and to the writing down of doubtful assets.

3. The Estimates 1928 reveal an excess of expenditure over revenue of £P120,742. The estimated total revenue is £P2,322,935 inclusive of a grant-in-aid of £P31,785 to the cost of the Trans-Jordan Frontier Force. The estimated total expenditure is £P2,443,677 inclusive of £P272,430 for extraordinary works. In these figures of expenditure provisions for the Trans-Jordan Frontier Force are £P151,909 and £P14,800 respectively.

4. I desire to emphasise the importance of these Estimates not so much in their year of application, 1928, but as revelatory of the position of this Government in 1929 and subsequent years. Provision must now be definitely made for the debt service in respect of the Palestine Loan authorised by Act of Parliament. Interest payable in 1928 is at £1 6s. 0d. per centum in May and £2 10s. 0d. per centum in November. In 1929 interest will be payable half-yearly at £2 10s. 0d. per centum; and consequently in 1929 additional provision of £P54,000 will be required for interest alone. In 1930 and subsequent years further provision must be made for sinking fund. The outlook is therefore on this head alone far from encouraging and at the present time I see little prospect of increasing revenue materially. The problem of the future appears therefore to be concerned with reduction of recurrent expenditure. You will readily appreciate that provision of £P270,000 for works extraordinary is quite inadequate to the circumstances of Palestine, which under the policy of His Majesty's Government is rapidly being modernised and therefore heavily handicapped if its modern needs are not satisfied.

5. But modern needs cannot be satisfied merely in the provision of extraordinary works; they require satisfaction in the provision of services which in themselves are an annual burden with a tendency to become heavier. Land settlement, for instance, is a national necessity; without it the Government are unable to guarantee titles in real estate and there is therefore no basis for economic credit or fiscal system related to the circumstances of the country. Stock-breeding in most countries raises the capital wealth of the inhabitants and is particularly essential in Palestine impoverished in a variety of ways which I need not enumerate. The conservation of fisheries is most important as providing food of dietetic value to the population and any increase in the supply will tend to diminish the cost of living and hence increase the general wealth. Education must have paramount place in the policy of any government of this country. The Arab population started a new life in 1920 heavily handicapped in this regard, while the Jewish population are not unjustified in claiming that Government have not adequately recognised the burden which they themselves have hitherto borne not only as taxpayers but as members of a vital community. The prevention of disease and the

provision of medical aid are recognised as essential to the economic fitness of any population. The annual expenditure on these services must assuredly increase.

6. I am concerned with the magnitude of the votes of the Police and the Trans-Jordan Frontier Force. On the other hand public order is the first essential of good government and I am not satisfied that the time has yet come when I can afford materially to reduce the size of the Police and Military establishments. So far, indeed, as the Police are concerned I am considering an increase in the establishments by abolishing local Police Forces maintained by municipal authorities and causing the central authority to be responsible for the whole constabulary of the country. This I anticipate will temporarily increase expenditure but will ultimately give greater efficiency at smaller cost. At the same time I have instructed that the Commandant of Police shall not next year fill vacancies as they occur up to the number of 100. As regards the Military Forces I have similarly instructed the Officer Commanding not to fill vacancies as they occur next year up to the number of 50 and also gradually to reduce the establishments of British Warrant Officers and Non-Commissioned Officers.

7. I am unable at present to submit the Railway Estimates in detail. The main heads of revenue and expenditure are, however, submitted as hitherto. I think it proper here to observe that it is not possible to anticipate that the Palestine Railways will for some time to come provide a surplus adequate to support the share of sinking fund and interest on the proportion of loan expenditure allocated to this service. Moreover, Palestine is not unique in finding difficulty in establishing a proper equilibrium between railway and road communications. Both are essential and until bulk traffic increases considerably railway revenue is not likely to expand to any great degree. It is improbable that the railways can in the future compete successfully against the roads in the carriage of light articles and passengers. As you are aware I have constituted a Road Board of which the General Manager, Palestine Railways, is a member. That Board gives continuous attention to these problems and is endeavouring to frame a policy that will serve the interests of the Railways and the public alike. The construction of a harbour at Haifa will, I hope, converge economic interests towards a greater use of the railway communications. The utilisation of the mineral salts of the Dead Sea ought also to assist in augmenting revenue from railway traffic.

8. I have in the preceding paragraphs discussed matters of general importance. Details of the various changes in the Estimates as between 1927 and 1928 are given in the enclosed memorandum. There are, however, a few points to which I desire to invite your special attention. These are discussed in the following paragraphs.

9. I have caused appointments declared pensionable to be starred in the Estimates submitted. A special appendix indicates the amount required to pay exchange compensation allowances to officers of the Administrative Service due as a result of expressing approved scales of salary in Palestine currency in place of Egyptian currency. The Clerical Service, on the other hand, will continue to be paid salaries on scales of Egyptian currency at present in force converted into terms of Palestine currency. I hope to submit to you a cadre for the Clerical Service in the near future and the scales of salary provided for that cadre will be expressed in terms of Palestine currency.

10. Entirely new provision is made in regard to a Fisheries Service. The sum required is not large (£P2,700) and it should be larger. The Marine Biologist having made his report will now be unable to perform any useful function until this vote is approved and I request that you will approve expenditure under this head in advance of general approval of the estimates as a whole. I should be grateful if you would convey your approval in this case by telegram.

11. I have caused to be re-inserted provision in Works Extraordinary for the construction of the Police Station and Prison at Ramleh. You will recollect that provision was made for this construction in the Estimates 1927. You suggested that in view of the financial position the expenditure might be cut out for yet another year. I postponed the work this year but conditions at Ramleh are so little short of scandalous that I am not able to postpone the construction longer. I am therefore authorising the Director of Public Works Department to proceed early in 1928 with the project.

12. In your comments on the Estimates 1927 and in despatches concerned with special warrants you have drawn my attention to the rapid increase in the expenditure on Transport and Travelling. I am having the matter made the subject of thorough enquiry and shall report to you in due course any changes which I consider ought to be adopted with a view to reducing expenditure without serious dislocation of the public services.

13. I have addressed you already on the subject of unemployment in this country. It is clear that the livelihood of persons without work is dependent upon their permanent

absorption into the economic life of the country. Until that absorption has taken place or until the unemployed themselves have left the country relief in the form of labour must be supplied by as many agencies as possible. Government can assist directly only in the provision of extraordinary works and works for which the Palestine Loan is available. I have commented above on the inadequacy of the provision in 1928 for extraordinary works and so far as this winter is concerned it will not be possible to expend any loan funds on projects likely to give employment to any large body of persons.

14. It is only right to state that the Treasurer advises me that in his opinion he is convinced that the financial resources of Palestine will not suffice to satisfy the aims set out in this despatch.

15. Every effort will be made to effect further economies during the year but in my opinion the first and essential step must be to relieve the Palestine Government of the burden imposed on them by the cost of the Trans-Jordan Frontier Force and I beg that this despatch may be read in conjunction with my other Confidential despatch of the 21st of December.*

16. I regret the delay in submitting these Estimates but I am confident that you will realise that their preparation was not unattended by difficulty.

I have, &c.,
PLUMER, F.M.,
High Commissioner
for Palestine.

Enclosure in No. 1.

REVENUE.

Head I, Customs—Increase £P206,808.

The approximate receipts under this head for the eight months ended 30th November, 1927, amount to £P493,804, and it is anticipated that, under the Customs Tariff Ordinance, 1927, the receipts for the year 1928 will amount to £P750,500.

Head II, Port and Marine—Increase £P585

There is no change of note in the estimates under this head.

Head III, Licences, Taxes, &c.—Increase £P197,426.

As explained in the remarks column of the Estimates, most licence fees are renewable annually in January, and the estimated revenue from licence fees for the nine months ending 31st December, 1927, is therefore disproportionate to that for the year 1928. A similar disproportion appears in the estimated revenue from Animal Tax, which is payable annually in March. On the other hand, the bulk of the House and Land Tax is collected in the months August to December.

It is difficult to estimate revenue from Stamp Duty, Salt Excise and Wine and Spirit Excise. The duties have been revised by recent legislation, and it is anticipated that estimated revenue from these sources in 1928 will be fully realised. In anticipation of new legislation for road transport, and a revision of the schedule of licence fees, estimated revenue from road transport licences has been slightly increased.

The estimated receipts for twelve months in 1928 from Tobacco Excise and Matches Excise show a marked increase as compared with the Estimates for the nine months in 1927, and the estimate in each case is based on current receipts.

Head IV, Fees of Court, &c.—Increase £P54,174.

There is no change of note in the estimated receipts for twelve months in 1928 under this head as compared with those for nine months in 1927, except under Item 9, Registration of Immigrants, and Item 10, Registration of Citizenship and Naturalisation. These decreases are due to reduced immigration and to lengthy investigations delaying grants of citizenship by naturalisation.

A new sub-head has been inserted for Plant Fumigation Fees (Item 7). A fumigation campaign is to be started as soon as the necessary outfits arrive, and the cost in most cases is recoverable under the Plant Protection Ordinance, 1924.

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* C. 57038/28 [No. 2]; not printed.

The purchase of additional stock for the Stud Farm and the gradual development of the farm for stock-raising purposes has enabled estimated receipts under Item 17 to be increased in 1928 to £P950.

The estimate under Item 20, Miscellaneous—Reimbursements, has been increased to £P9,000, and includes £P3,900 from the Tiberias Bath Concession revenues. These revenues have been held on deposit for the construction of a Boys' School at Tiberias and as an admitted liability must be devoted to this object. Provision for the expenditure is included in the estimated expenditure in 1928 under Head XXIX, Item 46.

Head V, Posts and Telegraphs—Increase £P39,824.

The increase under Item 5, Sale of Stamps, is mainly due to anticipated receipts from sales of postage stamps used to denote stamp duties under the Stamp Duty Ordinance, 1927.

The estimated revenue in 1928 under Item 7, Telephones, has been reduced to £P50,000. The Postmaster-General states that the decrease is due to a decline in trunk calls and to delay in the opening of the new Jaffa Post Office. The increase in expenditure on subscribers' circuits is mainly for the installation of telephones for residential subscribers, who do not avail themselves of trunk call facilities to the same extent as business subscribers.

Head VI, Railways—Increase £P52,615.

The details of the Railway Estimates have not yet been received, and are being forwarded to the Secretary of State separately. The General Manager, Railways, has been asked for explanations of the changes under this head.

Head VII, Revenue from Government Property—Increase £P2,026.

The revision of the Housing Regulations will result in fewer houses being leased by Government with a corresponding reduction in rent from officials.

Head VIII, Interest—Increase £P2,872.

It is not anticipated that interest on bank balances (Item 1) will realise more than the estimate of £P1,000, as, although part of the surplus balance utilised for loan expenditure will be realised by the raising of the loan, the surplus balance may be considerably reduced by the probable settlement in 1928 of deferred liabilities in respect of which the surplus balance is allocated.

The estimate under Item 2 includes interest on loans to municipalities.

Head IX, Miscellaneous—Increase £P1,436.

There is no change of note in the Estimates under this head.

Head X, Land Sales—Decrease £P154.

The estimate of £P4,103 under Item 1, Sale of Beisan Lands, for nine months in 1927 was inserted in anticipation of the completion of two large projected sales which have since fallen through, and it is not anticipated that the receipts from this source in 1928 will exceed £P3,000.

Head XI, Grant-in-Aid—Decrease £P7,119.

The details of the estimate under this head are set out in the remarks column of the Estimates.

EXPENDITURE.

Head I, Pensions—Increase £P2,188.

Items 1, 2 *and* 3.—The changes in the provision for Pensions and Gratuities (Item 1) and Pension Contributions (Item 2) are shown in Appendix B. The provision for Pensions to ex-Turkish Government Employees (Item 3) is based on the actual pensions payable under the Pensions (Ottoman Service) Ordinance, 1926.

Head II, Public Debt and Loan Charges—Increase £P137,051.

Items 1 *and* 2.—Provision has been made under Item 2 for interest charges on the Palestine Loan of £4,475,000 to meet a first payment of £1 6s. per £100 on 1st May, 1928, and a further half-year's payment of £2 10s. per £100 on 1st November, 1928.

Provision of £P5,000 has also been made under Item 1 for interest charges on advances by the Crown Agents pending the issue of the loan.

Head III, His Excellency The High Commissioner—Increase £P1,547.

Item 6.—It is proposed to abolish the post of House Steward on expiry of the contract of the present holder, and provision has been made under this item for salary for six months only.

Head IV, Secretariat—Increase £P4,788.

Item 17.—One appointment of Grade I Clerk, previously held by Miss W. K. Baird, has been abolished.

Item 26.—Provision for one appointment of Translator has been transferred from Head XVIII, Police and Prisons, Item 30, owing to the transfer of the Press Bureau from the Criminal Investigation Department to the Secretariat.

Items 36 *and* 37.—The provision in 1927 for promotion of the Grade III Storekeeper to Grade II has not been utilised, and provision for the post in Grade III has been reinserted.

Head V, District Administration—Increase £P21,697.

Item 23.—During 1927 it was necessary to authorise temporarily the employment of seven additional Clerks at Jaffa, and provision of £P1,000 for extra clerical assistance is required for the continued employment in 1928 of a certain number of extra Clerks whose services cannot yet be dispensed with.

Item 41.—The increased provision for Clothing is due to the fact that hitherto, in the Northern District, messengers' clothing had been bought from dealers in old army stocks which are now exhausted.

Item 49.—The increased provision for typewriters is required for the replacement in the Northern District of old army typewriters.

Head VI, Legal Department—Increase £P2,360.

Item 9.—Provision for the salary of the Junior Legal Adviser has been increased to £P450 in accordance with the High Commissioner's recommendation and is subject to approval by the Secretary of State.

Items 14, 16 *and* 18.—In anticipation of Mr. Koussa's appointment as Public Prosecutor, which is being recommended to the Secretary of State, the Attorney-General has made provision for the following changes in clerical establishment:—

Increase.	*Decrease.*
Item 16, 1 Clerk, Grade III.	Item 14, 1 Clerk, Grade II.
	Item 18, 1 Clerk, Grade IV.

Item 20.—The Attorney-General asks for provision of £P80 for temporary clerical assistance, and states as under:—

> "I am at present working with a minimum staff and it will be necessary to find temporary substitutes for both my chief clerk and my secretary when they proceed on leave."

Head VII, Judicial Department—Increase £P21,668.

Items 15, 16 *and* 17.—The Chief Justice has combined the provision for the appointments of Magistrates and Additional Magistrate.

Item 27.—The Chief Justice has asked for certain changes in the clerical establishment of the Courts and for additional provision for extra clerical assistance. Provision for extra clerical assistance has been increased to £P2,200 to provide for the employment of additional temporary Clerks.

Item 28.—The provision for Process Servers has been increased to provide for the ten temporary Process Servers previously shown under Item 29, since the retention of these Process Servers is essential.

Item 53.—The increase in the provision for Clothing is required mainly to meet the issue of greatcoats to Process Servers, no issue of greatcoats having been made during the last three years.

Head VIII, Treasury—Increase £P4,488.

Item 21.—The provision of £P550 for Transport and Travelling is required mainly for transport and travelling allowances of the Inspector of Revenue.

Head IX, Audit Department—Increase £P1,981.

Item 11.—The provision for an additional appointment of one Grade III Clerk has been necessitated by the transfer of the audit of the Kantara-Rafa Railway from the Royal Air Force to the Colonial Audit Department. The contribution from the Railways has been proportionately increased.

Item 16.—The provision under this item is for the secondment of Mr. W. C. Howes to the Trans-Jordan Government as Chief Accountant to the Arab Legion, *vide* Secretary of State's despatch No. 512 of 23rd April, 1927.*

Item 23.—The increase in the contribution by the Railways on account of the audit of Railway Accounts by the Colonial Audit Department is due to a necessary augmentation of the staff employed on this work and the additional staff required for the audit of the accounts of the Kantara-Rafa Railway. The cost of the Railway Audit is made up as under :—

	£P.
Assistant Auditor, £P300—10—550	523
Expatriation Allowance at £P50 p.a.	50
1 Clerk, Grade I, £E290—12—340	310
Expatriation Allowance at £E50 p.a.	52
2 Clerks, Grade III, £E192—6—240	455
4 Clerks, Grade V, £E96—6—132	454
1 Temporary Clerk, Grade III	210
	2,054
Proportionate Share of Home Expenses	83
Proportionate Share of Transport and Travelling	100
	2,237

Head X, Customs, Excise and Trade—Increase £P17,754.

The estimates under this head provide for the following changes :—

Increases	*Decreases.*
Item 23, 3 Officers of Customs, Excise and Trade, Class II.	Item 32, 1 Accountant at £E21 p.m.
Item 25, 1 Officer of Customs, Excise and Trade, Class III.	Item 33, 1 Assistant Accountant at £E15 p.m.
Item 27, 3 Officers of Customs, Excise and Trade, Class IV.	Item 35, 4 Tobacco Factory Officers :— 2 at £E20 p.m. 2 at £P8 p.m.
Item 29, 9 Officers of Customs, Excise and Trade, Class V.	
Item 31, 2 Officers of Customs, Excise and Trade, Class VI.	
Item, 35, 2 Tobacco Factory Officers at £E10 p.m.	
Item 37, 2 Tobacco Field Officers at £P15 p.m.	
Item 38, Distillery Officers, £P5,000.	

Items 23, 32 and 35.—The three additional appointments of Class II Officers provide for the transfer of the provision for the Accountant (Item 32) and for two Tobacco Factory Officers (Item 35). The Director of Customs states that these officers should now be included in the graded establishment. The provision under Item 35 also provides for an increase in the rate of pay of two Tobacco Factory Officers from £P8 p.m. to £P10 p.m.

Item 25.—The additional Class III officer is required for a new appointment of Chief Clerk at the Jerusalem Customs House, who will be required to act for the Collector when absent from Jerusalem on inspection.

Item 27.—Of the three additional appointments of Class IV Officers, one is required for the Dead Sea Post in connection with the collection of salt excise duty from the newly granted licence at Jebel Usdum, one is required to augment the Customs examining staff at the Parcels Post Office, Jerusalem, and one is seconded to the Customs Department in Trans-Jordan, *vide* Colonial Office despatch No. 1051 of 13th August, 1926.†

Item 29.—Of the nine additional appointments of Class V Officers, one is required for the Director's office in Jerusalem, two for Haifa, two for Jaffa, one for Gaza, one for Nablus, one for Jisr Damieh and one for the Parcels Post Office, Jerusalem.

* P.F. 22937 Middle East; not printed.

† P.F. 28057 Middle East; not printed.

Items 31 *and* 33.—Of the two additional appointments of Class VI Officers, one is required to replace the Assistant Accountant (Item 33) and one is required in the Director's Office in Jerusalem to replace a temporary officer.

Item 37.—The increase in the number of Tobacco Field Officers by three is in connection with control measures in the heisheh growing area.

Item 38.—It is not possible yet to estimate accurately the number of Excise Officers required for the administration of the Intoxicating Liquors Ordinance, 1927, but provision of £P5,000 has been included under this item for the employment of Distillery Officers during an experimental period.

The necessity for any marked variations in the annual provision under Other Charges is shown in the remarks column of the Estimates against the particular items.

Head XI, Department of Health—Increase £P25,559.

The estimates under this head provide for the following changes in establishment :—

Increases.	*Decreases.*
Item 20, 5 Ambulance Drivers.	Item 69, 1 Lazaret Superintendent, Grade I.
Item 36, 6 Ophthalmic Nurses.	
Item 49, Assistant Sanitary Engineer, Class 3.	
Item 81, 1 Medical Officer, Class 3.	
Item 87, 2 Laboratory Attendants, Grade IV.	
Item 89, 1 Laboratory Attendant, Grade V.	
Item 91, 1 Cleaner.	

Item 20.—The provision for Motor Ambulance Drivers has previously been included under Head XXV, Public Works Recurrent, Item 2, Maintenance of Mechanical Transport. The High Commissioner has agreed that these men shall be on the departmental establishment.

Item 36.—The six Ophthalmic Nurses for whom provision is now made under this item were engaged under an ophthalmic clinic scheme in connection with the anti-trachoma campaign and were temporarily paid by the Order of St. John. This is an essential service and if it were not included in the Estimates for the current year it would have to be interrupted.

Item 49.—The Assistant Sanitary Engineer for whom provision is made under this item is required for anti-malarial work as the cost of the malarial survey now carried out by the International Board will in future be borne by Government.

Items 69, 81 *and* 87.—The appointment of Lazaret Superintendent, Grade I (Item 69), has been economised and new appointments of one Medical Officer (Item 81), and one appointment of Laboratory Attendant (Item 87) substituted. It is proposed to utilise the services of the present holder of the post of Lazaret Superintendent for Inspection work under the new Trades and Industries Ordinance.

Items 87, 89 *and* 91.—The three additional posts of Attendants and Cleaner were approved by the Secretary of State's despatch No. 622 of the 14th May, 1927.*

Item 98.—In regard to the increased provision in 1928 under the item for Vaccines and Sera, the Director states as under :—

"The increase under this head is due to the following :—

(*a*) A large number of calves are now required for preparation of vaccine lymph. There is an equally large recovery on the revenue side from sale of calves.

(*b*) The large number of rabbits required to meet the demands of the Legal Department for the precipitin test for human blood, the additional number of rabbits required to allow of the production on a larger scale of anti-rabic vaccine for new treatment centres and for prophylactic treatment of dogs, and of rabbits and guinea pigs for the increasing number of serological tests, especially Wassermann tests for syphilis, that have to be undertaken. The existing supply from Government sources is inadequate, and it is proposed to increase the capacity of the breeding establishment.

(*c*) Increased purchases necessary of vaccines and sera not preparable in Government laboratories, *e.g.*, anti-dysenteric, anti-tetanic, &c."

The necessity for other changes in the annual provision under Other Charges is shown in the remarks column of the Estimates against the particular items.

* C. 44473/27 [No 2]; not printed.

Head XII, Department of Education—Increase £P37,117.

The estimates under this head include provision for the following changes:—

Increases.

Headquarters.

Item 10, 1 Headquarters Inspector, Class 3.
Item 12, 2 District Inspectors, Class 3.

W.E.T.C.

Item 42, 1 Assistant Mistress, Grade III.

Decreases.

Government Arab College.

Item 28, 1 Lecturer, Class 3.

Schools.

Item 47, 1 Teacher, Grade III.

Item 10.—The increase is due to the transfer of one post from Item 28. The holder is actually engaged on inspection work.

Item 12.—The grant for Jewish Schools (Item 72) has been reduced to meet the salaries of the two District Inspectors for Jewish Schools in accordance with the High Commissioner's recommendation to the Secretary of State.

Items 42 *and* 47.—The staff of the Women's Elementary Training College has been augmented by one Assistant Mistress, Grade III (Item 42) and the number of school teachers, Grade III (Item 47) has been reduced by one.

Item 43.—In regard to the increased provision under this item, the Director of Education states as under:—

> "The increase provides for the appointment of a matron at £P7. So far the duties of matron and housekeeper have occupied a considerable part of the time of one of the Assistant Mistresses, but in view of the recent expansion of the Women's Elementary Training College, I consider that this duty should be delegated to a special employee, as is done in the Government Arab College, thus enabling the Assistant Mistress in question to give her full time to teaching."

The provision for the emoluments of town and village school teachers has been amalgamated in accordance with the Secretary of State's observations on the Estimates for 1927.

The necessity for variations in the annual provision for Other Charges is shown in the remarks column of the Estimates against the particular items.

Head XIII, Agriculture and Forests—Increase £P12,994.

The estimates under this head provide for the following changes in establishment:—

Administration.

Increases.

Item 9, 1 Clerk, Grade II.
Item 14, 1 Clerk, Grade VI.
Item 15, Caretaker.

Decreases.

Items 9 *and* 14.—The provision under these items regularises the appointments of the present holders of these offices, and is dealt with in High Commissioner's despatch No. 1313 of 19th September, 1927.*

Item 15.—The appointment of a Caretaker at the Headquarters Office of the Department is necessary.

Agriculture and Forests.

Increases.

Item 28, 3 Fruit Inspectors, Class 3.
Item 36, 1 Gardener at £P6 per mensem.
Item 38, 1 Meteorological Observer.

Decreases.

Item 28.—Provision has been inserted for three Fruit Inspectors, Class 3, £P300—10—550 in accordance with High Commissioner's telegram dated 1st November, 1927,† to the Secretary of State.

Item 36.—An additional Gardener is required in consequence of the change of the site of Government House and the necessity for formation and maintenance of undeveloped grounds.

Item 38.—The increase is to cover the pay of the additional Observer at Tel-Aviv, *vide* Colonial Office despatch No. 986 dated 29th July, 1927.‡

* C. 44496/27 [No. 42]; not printed. † C. 44080/27 [No. 17]; not printed.
‡ C. 44634/27 [No. 2]; not printed.

Veterinary.

Item 50.—The additional appointment of a Grade V Clerk is required to relieve the Senior Veterinary Officer of clerical duties.

Stock Breeding Service.

Items 67 *and* 69.—The additional appointments of one Stableman and one Cowman are required owing to the increase in the number of young stock and to the occupation of three out-stations.

Fisheries.

The estimates under this head provide for a Fisheries Service, and provision for the following new appointments is made:—

Item 92, 1 Clerk, Grade IV.
Item 94, 1 Laboratory Assistant, Grade III.
Item 95, 2 Fishermen.

The Marine Biologist has submitted a report on the necessity for both marine and lacustrine patrol and investigation, but in view of the necessity for economy, provision has been made for bare essential requirements only.

Other Charges.

Items 105 *and* 119.—The increase in the provision for upkeep of nurseries and the grant-in-aid is to provide for the propagation of mulberry stock at nurseries under the scheme to promote sericulture, *vide* High Commissioner's despatch No. 1235 dated 29th August, 1927.*

Item 138.—The Director of Agriculture states that the purchase of a generating plant is not only more economical in the use of fuel but will expedite the work of the Analytical Laboratory and assist in the speeding up of the soil survey.

The other variations in the annual provision under Other Charges are explained in the remarks column of the Estimates.

Head XIV, Antiquities Department—Increase £P3,283.

Item 18.—In regard to the increased provision under the item for Transport and Travelling, the Director of Antiquities states as under:—

> "A small amount was spent in 1927 owing to the post of Director being vacant for part of the year and the post of Chief Inspector being vacant for the remainder. The recent addition of a Student Inspector to the staff also necessitates an increase in the provision for Transport and Travelling."

Item 23.—The provision under this item includes the purchase of a studio camera, with suitable lenses, for architectural and museum work, the one formerly in use having been privately owned by Professor Garstang, and tanks, &c., for the development of photographs taken by the Inspectorate staff; and also the purchase of laboratory apparatus.

Item 24.—The provision under this item includes the cost of publication of Museum Bulletin No. 4 (to complete the ceramic series commenced in No. 3) and the first part of a Museum Catalogue which is to record the material at present existing in the Museum. The Bulletin will thereafter be continued at less frequent intervals and will describe objects and give information subsequently obtained.

Item 25.—Owing to the absence of an adequate library containing archæological works of reference, it is necessary to acquire standard technical books and new publications of importance needed to enable the staff to deal with problems of conservation and museum classification, and the provision under this item provides for the purchase of books.

Item 29.—Considerable damage was caused by the earthquake, and the provision made under this item is based on an estimate prepared by the District Engineer for essential works to make the Citadel safe.

Item 30.—The provision under this item is also based on the requirements of the District Engineer in order to continue works of conservation which have been in progress during the current year.

Item 31.—The provision under this item includes urgent measures necessary for the preservation of historical monuments damaged by earthquake or through other causes.

* C. 25052/27 [No. 31]; not printed.

Head XV, Land Settlement Department—Increase £P3,979.

The estimates under this head provide for the following changes in establishment :—

Increases.	*Decreases.*
Item 6, 2 Senior Assistant Land Settlement Officers.	Item 18, 1 Clerk, Grade V.
Item 13, 1 Clerk, Grade II.	
Item 15, 2 Clerks, Grade III.	
Item 20, Labour Service.	

The Commissioner of Lands has made provision in the Estimates for three field parties, including that now working at Beisan.

Item 6.—The three appointments of Senior Assistant Land Settlement Officers are required to provide one officer each for two parties (a Senior Assistant Land Settlement Officer will not be attached to the Beisan party), and one officer for the office of the Commissioner of Lands. In 1927, two of the three Senior Assistant Land Settlement Officers were shown as seconded from District Administration, but it is now intended to employ other officers.

Items 13 *and* 15.—The new appointment of a Grade II Clerk (Item 13) is required as a Hebrew Clerk Interpreter for Jewish Colony Settlement work with field parties; and the two additional appointments of Clerks, Grade III (Item 15), are required for the two new field parties.

Item 20.—The increase in the provision for labour service is also required for field parties.

Item 22.—The provision under this item for Land Valuer is in respect of the retaining salary of Mr. Hughes whom it is proposed to engage from February next at a salary of £P60 per mensem and who will be employed in connection with land valuation work in Palestine and Trans-Jordan, Railway land expropriation claims and the valuation of urban properties for purposes of taxation. The reimbursement from the Trans-Jordan Government and the Railways in respect of services rendered by Mr. Hughes will be credited to general revenue.

The other variations in the annual provision for Other Charges are shown in the remarks column of the Estimates against the particular items.

Head XVI, Lands Department—Increase £P4,233.

Item 28.—The Director of Lands requires an amount of £P20 for the purchase of necessary technical books in 1928.

The other variations in the annual provision for Other Charges are shown in the remarks column of the Estimates.

Head XVII, Survey Department—Increase £P10,931.

The estimates under this head include the following changes in establishment :—

Increases.	*Decreases.*
Item 23, 1 Assistant Printer, Grade III.	Item 8, 1 Sub-Inspector, Class 3.
Item 37, Labour Service.	Item 28, 1 Draughtsman, Grade III.

Items 23 *and* 28.—The new appointment of Assistant Printer, Grade III, is met by a corresponding reduction of one Draughtsman, Grade III.

The other variations in the annual provision under this head are explained in the remarks column of the Estimates against the particular items concerned.

Head XVIII, Police and Prisons—Increase £P89,573.

The estimates under this head provide for the following changes in establishment :—

Police.

Increases.	*Decreases.*
Item 14, 1 Assistant Superintendent (C.I.D.)	Item 30, 1 Translator.
Item 50, 5 Messengers and Cleaners.	Item 40, 1 Assistant Superintendent, Class 3.
Item 82, 1 Sergeant.	Item 54, 9 Constables.
Item 84, 2 Corporals.	Item 59, 1 Sergeant.
Item 86, 4 Constables.	Item 61, 2 Corporals.
Item 103, 2 Sanitary Boys.	Item 63, 3 Constables.
	Item 88, 12 Constables.
	Item 94, 1 Head Constable.
	Item 99, 41 Constables.

Item 14.—The abolition of one appointment of Assistant Superintendent (C.I.D.) provided in the Estimates for 1927 was not practicable, and provision for this appointment has been reinserted in these Estimates temporarily.

Item 30.—The provision for the appointment has been transferred to Head IV, Secretariat, Item 26.

Item 40.—The appointment of Assistant Superintendent vacated by Mr. Blackett on promotion to Deputy Superintendent (Administrative) has been suppressed.

Item 50.—It has been necessary to make provision for five additional appointments of Messengers and Cleaners.

Items 54, 59, 61, 63, 82, 84 *and* 86.—The strength of Mounted and Foot Police has been reduced by fifteen men, and that of the Training School and Depot has been increased by seven men.

Item 88.—The Preventive Police Force has been suppressed.

Items 94 *and* 99.—The provision under this item shows a decrease in the establishment of the British Police of 42 men from the date of expiration of existing contracts, *i.e.*, the 30th June, 1928.

Item 103.—The increase in the provision for casual labour is for two Sanitary Boys for camps.

Item 109.—The provision for Transport and Travelling in 1927 was under-estimated. The Secretary of State's observations on the increase of expenditure on this service in 1927 is receiving consideration. It may be necessary to revise and reduce the number and rates of transport allowances generally.

Prisons and Lock-ups.

The estimates provide for the following changes in establishment :—

Item 148, 1 Wardress.
Item 155, 1 Instructor Blacksmith.

These increases are essential to the efficient working of the prisons

Item 174.—In regard to the provision under this item for Barrack Stores, the Commandant states as under :—

" This is a new item to provide for the completion of furniture to sick wards in prisons and to establish the requirements of paragraph 328 of Prison Regulations in cells occupied by foreign prisoners."

The other variations in the annual provision under Other Charges are explained in the remarks column of the Estimates.

Immigration and Travel Section.

The estimates provide for the following decreases in establishment :—

Item 191, 2 Inspectors, Class 3.
Item 195, 1 Clerk, Grade I.

A Committee has been appointed to enquire into and make recommendations regarding the establishment of the Section, and it is hoped further to reduce the establishment during 1928.

Head XIX, Gendarmerie (Palestinian Section)—Decrease £P57.

The provision under this head in 1927 was in respect of outstanding claims from the preceding year.

Head XX, Gendarmerie (British Section)—Decrease £P512.

The provision under this head in 1927 was in respect of outstanding claims from the preceding year.

Head XXI, Trans-Jordan Frontier Force—Increase £P19,201.

Items 14 *and* 16.—The provision under these items is for the re-insertion of the salary scale of the Hotchkiss Gun Officer originally approved for this post, namely, £P600—50—700, without any duty allowance.

Items 24 *and* 41.—The provision under these items shows a reduction in the strength of the Force in 1928 by two Warrant Officers and fifty Privates.

Items 26 *and* 28.—The additional appointment of Farrier Sergeant is met by the corresponding reduction of a Veterinary Officer.

Items 42, 43, 44 *and* 45.—It is proposed to abolish the grant of good conduct pay and artificers' pay, and to grant proficiency pay to men who attain a certain standard of

professional and educational proficiency, and tradesmen's pay to men who have passed the necessary trade test and are within the approved establishment of tradesmen. New regulations are being drafted on the same general principles on which such additional pay is granted to the British Army.

Items 49 *and* 50.—The new appointments of Mechanics and Electricians are required for the maintenance of Water and Electric Light Plant at Zerka and Ma'an.

The variations in the annual provision for Other Charges are explained in the remarks column of the Estimates against the particular item. Most of the decreases in the annual provision, however, are due to reduction in the establishment of the Force.

Head XXII, Defence—Increase £P7,750.

The provision under this head is in respect of the contribution of £31,000 to the Imperial Government towards the cost of the Royal Air Force and Armoured Cars employed in Palestine and Trans-Jordan, as directed in paragraph 2 of the Secretary of State's despatch No. 938 of the 21st July, 1927.*

Head XXIII, Posts and Telegraphs—Increase £P36,555.

The estimates under this head provide for the following changes in establishment :—

Increases.	*Decrease.*
Item 23, 1 Assistant Postmaster, Grade III.	Item 41, 7 Porters.
Item 32, 1 Clerk, Grade IV.	
Item 34, 3 Clerks, Grade V.	
Item 38, 2 Telephonists, Grade VI.	
Item 39, 2 Postmen, &c.	
Item 40, Casual Messengers.	
Item 42, Cleaners.	
Item 69, 1 Telegraph Artisan, Grade III.	
Item 71, 2 Linemen, Grade III.	

Item 23.—The Postmaster-General states as under :—

" A very large proportion of the foreign mails now concentrates on the Travelling Post Offices and, with increasing use by the public of the insured letter and parcel services, it has become necessary to place an Assistant Postmaster in charge."

Items 32 *and* 34.—The four additional Clerks are required for the Eastern Telegraph Company's special Haifa-Beyrouth circuit. All salaries, rental charges, &c., in connection with the special circuit will be recovered from the Company.

Item 38.—The two additional Telephonists are required owing to increased traffic.

Item 39.—The Postmaster-General states as under :—

" These are necessary, one each at Haifa and Tel-Aviv, to take direct charge of the postal deliveries at those places. The employment of Head Postmen at Jerusalem and Jaffa has resulted in economy as well as improved efficiency."

Item 40.—The provision under this item is to meet requirements at those places where there is a large seasonal telegraph traffic (*e.g.*, Tiberias during the tourist season and Jaffa during the orange season) without increasing the regular messenger staff.

Item 69.—The additional Telegraph Artisan is required for the new power plant at Haifa

Item 71.—The two additional Linemen are required for new subscribers' circuits.

Items 108 *to* 114.—The provision under these items was deleted in the revision of the Estimates for 1927. The Postmaster-General states that the provision is essential and necessary for the economical working of the service.

The other variations in the annual provision under Other Charges are explained in the remarks column of the Estimates.

Head XXIV, Public Works Department—Increase £P10,446.

The estimates under this head provide for the following increases in establishment :—

Item 30, 2 Draughtsmen, Grade II.
Item 39, 1 Clerk, Grade IV.
Item 41, 2 Clerks, Grade V.
Item 47, 2 Storemen, Grade IV.
Item 51, Watchmen, &c.

* No 4 in Middle East No. 16.

Item 30.—The two additional appointments of Draughtsmen are required as the existing staff is inadequate to cope with the work in hand.

Items 39 *and* 41.—Provision has been made under these items for three additional appointments of Clerks. The Director, Public Works, states that the department is at present considerably understaffed with regard to clerical personnel.

Item 47.—The two additional appointments of Storemen are necessary to provide a general improvement in the district storekeeping.

Item 51.—The increased provision for Watchmen, &c., is required for sub-districts.

Item 52.—The increase in the provision for temporary Draughtsmen is to enable the department to accelerate the preparation of plans and estimates of works which are very much in arrear.

The changes in the annual provision under Other Charges is shown in the remarks column of the Estimates against the particular items.

Head XXV, Public Works Recurrent—Increase £P8,184.

Item 10.—The provision under this item for maintenance of furniture includes the purchase of new furniture to complete the equipment of offices, schools, &c. In 1927 provision for the purchase of new furniture, as apart from ordinary maintenance, was made under Public Works Extraordinary, but it is considered that the supply of furniture for existing offices, &c., should properly be met from the recurrent vote. Provision for the equipment of new buildings with furniture, will, however, be made in the vote for Public Works Extraordinary.

Item 12.—In regard to the provision under this item for the maintenance of roads and bridges, the Director, Public Works, states as under :—

" The funds provided in 1927 have proved inadequate to keep pace with the wear and tear caused by existing traffic. The Road Board are considering proposals for amendment of the Road Transport Ordinance, but until some steps have been taken to restrict traffic, no reduction should be made in this sub-head. The total mileage of metalled roads has increased during the year by newly-constructed roads."

The variation in the annual provision under other items of this vote are small and are explained in the remarks column of the Estimates.

Head XXVI, Railways—Increase £P61,952.

The estimates under this head are as received from the General Manager, and details of explanations of changes will be forwarded separately.

Head XXVII, Miscellaneous—Increase £P14,119.

Item 3.—The grant of a temporary and non-pensionable House Allowance to certain officers who, from Moharrem (approximately 16th June), 1928, will be required to provide their own quarters, is provided under this item. The actual amount required is not yet ascertainable, and the provision inserted is an estimate for six months only. In the Estimates for 1929 provision will be inserted under departmental heads.

Item 15.—The sum of £P40,000 for grants to Municipalities is provided under this item. It is not anticipated that the re-valuation of urban properties for rateable purposes, contemplated under proposed new legislation, will be ready for the ensuing year's assessment. Recommendations for grants will be sent to the Secretary of State for approval after scrutiny of individual municipal estimates.

Item 18.—The provision for commission to stamp vendors has been decreased. The rate of commission was reduced from 5 per cent. to 3 per cent. by regulations made under the Stamp Duty Ordinance, 1927. The number of licensed stamp vendors has also been reduced in view of the sale of stamps by local Post Offices.

Head XXVIII, Posts and Telegraphs Extraordinary—Increase £P8,514.

Item 1.—The provision of £P4,000 for additional exchange switchboards includes £P2,053 in respect of outstanding indents in 1927. It will not be possible in 1928 to complete the whole programme of works under this item.

Item 2.—The original programme for additional trunk lines is completed, and the provision of £P6,600 under this item in 1928 is required as under :—

(*a*) Jerusalem-Hebron Trunk Circuit.

An additional circuit is necessary to relieve congestion of traffic on the existing trunk.

(*b*) Haifa-Nakurah.

It has been agreed with the Syrian Government to establish next year a public telephone service between Palestine and Syria. Lines are required to provide communication from Haifa to the Syrian border.

(*c*) Jaffa-Haifa Trunk Circuit.

An additional circuit is required to meet traffic requirements. The greater part of the circuit will be provided by a re-arrangement of existing lines.

Item 3.—The provision of £P8,200 under this item for additional subscribers' circuits is required in 1928 to meet the large number of outstanding applications for telephones, which it is desirable to instal. These works are remunerative.

Item 5.—It is proposed to divert the existing cables at Jaffa on the removal of the Post Office, and to use underground instead of aerial cables. The former system is superior in efficiency and more economical in maintenance.

Head XXIX, Public Works Extraordinary—Decrease £P11,965.

It has been necessary in these Estimates to provide for revotes aggregating £P91,398 in respect of uncommenced and uncompleted works approved in the previous year. The provision in 1928 for new works aggregates £P97,917; and a certain number of these works have already received the Secretary of State's approval.

Item 4.—The provision under this item is required for reconditioning living quarters and stables at the Police Post, Asluj.

Item 6.—The provision of £P250 under this item is for the development of wells and water supply at the Administration Post recently established at Auja al Hafir.

Item 12.—The present lighting arrangements at Haifa Hospital are extremely unsatisfactory, particularly in the operating room. The provision of £P150 under this item is for the installation of electric light in the Hospital.

Item 15.—The animal quarantine station at Haifa requires considerable additions and improvements. The adequate control and inspection of imported stock is essential for the prevention of the introduction of epidemic diseases in imported stock. Of the estimate of £P14,500 for this work, it is proposed to expend only £P5,000 in 1928, and the amount includes the cost of acquisition of land.

Item 16.—The provision of £P750 under this item is for special repairs to fabric, walls, roof and floors of the Hospital at Haifa. The building is in a dilapidated condition.

Item 17.—The provision of £P250 under this item is for the overhaul of the Customs sheds at Haifa which are in a state of collapse from old age.

Item 22.—The provision of £P140 under this item is for essential sanitary improvements to the Girls' School at Hebron.

Item 23.—The provision of £P140 under this item is for the construction of an infectious diseases block at the Jaffa Hospital. The work is necessitated by the recent arrangement with the Municipal Hospital at Tel-Aviv in which Government has undertaken responsibility for infectious cases.

Item 26.—The Rashidiya School at Jerusalem is in an incomplete condition, and the provision of £P1,750 under this item is for the completion of the building to provide for increased accommodation.

Item 27.—The provision of £P700 under this item is for the conversion of the Nurses' Hostel at the Jerusalem Hospital into a British Women and Children's Section. The work is essential for the carrying out of the scheme for hospital arrangements for wives and families of British officers in Palestine.

Items 28 *and* 29.—The provision under these items is for the improvement of accommodation of the British Section of the Police at Mount Scopus Camp, Jerusalem. An additional hut is required to replace an unserviceable hut and special repairs to the other old huts are necessary.

Item 35.—The provision of £P10,000 under this item for the new Government House is for the purchase of the new site and other necessary expenditure in connection with the laying out of the grounds, &c. The proceeds of the sale of the old site will be credited to revenue

Item 38.—The provision of £P410 under this item is for a Customs House at the newly constructed Jisr Sheikh Hussein Bridge over the Jordan. There is no accommodation of any sort at present.

Item 40.—The provision of £P200 under this item is for improvements to the Customs post at Metullah. The present accommodation is inadequate and unsuitable.

Item 41.—The provision of £P8,410 under this item is for the construction of Divisional and Station Police Headquarters, and Prison at Ramleh has been re-inserted. The present accommodation is inadequate and the work is essential.

Item 42.—The provision of £P310 under this item is required for the addition of two rooms to the Boys' School at Ramleh to provide for increased accommodation.

Item 45.—The provision of £P300 under this item is required for necessary alterations and improvements to District Offices at Safad. Special repairs to the roof are essential and increased accommodation is necessary. The building is the property of the Government.

Item 46.—The construction of a Boy's School is approved in the Secretary of State's despatch No. 225 of the 20th February, 1925.* The original estimate has, however, been increased to £P3,950. The accumulated revenue from the Tiberias Baths Concession now held on deposit approximates £P3,900 and will be credited to Revenue, Head IV, Item 20, Miscellaneous Reimbursements in 1928.

Item 48.—The provision of £P9,000 under this item is for the reconstruction of the section of the Jerusalem-Jericho Road which has recently been washed away by storm. The work is essential for the maintenance of communications.

Item 51.—The provision of £P20,000 under this item for arterial roads provides for complete reconstruction of Jaffa arterial roads, and £P6,000 should be recoverable from the Jaffa Municipality. The reconstruction of these roads is essential and will afford material relief to unemployment in that area.

Item 52.—The provision of £P150 under this item is required for new decking for a bridge on the Hebron-Beersheba road. The work is necessary for the safety of the users of the road.

Item 53.—The provision of £P5,200 under this item is for the construction of nine kilometres of the Afule-Mesha road. This road is an important link in the communications of the Northern District, and will afford an outlet for Jewish Colonies in that area. The road will also serve the proposed Jewish Kadoorie Agricultural School.

Item 59.—The provision of £P13,000 under this item is for the construction of the Petach Tikvah-Kefar Saba road in continuation of the new North Road from Jaffa. The provision includes £P5,333 revoted from 1927.

Item 64.—The provision of £P5,850 under this item is for the purchase of Public Works Building and Road Plant, and includes £P1,850 revoted from 1927 in respect of outstanding indents.

XXX, Railways Extraordinary—Decrease £P52,434.

The estimates under this head are as received from the General Manager, and details of explanations of changes will be forwarded separately.

XXXI, Trans-Jordan Frontier Force Extraordinary—Increase £P14,800.

As works services for the Trans-Jordan Frontier Force are now undertaken by the Air Ministry, Ways, Works and Buildings Department and not by the Public Works Department, the provision for Trans-Jordan Frontier Force Extraordinary works services is now shown under a separate head.

The provision under this head is in connection with the scheme for the construction of a semi-permanent camp at Zerka, Trans-Jordan.

Accommodation has been already provided at Ma'an for one Company and at Zerka for two Companies. The fourth Company finds accommodation at present in hutments at Samakh but this arrangement cannot be continued. The vote provided will permit of accommodation of three Companies at Zerka.

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* 1676/25; not printed.

C. 59407/28 [No. 9].

No. 2.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential.)

Downing Street, 30th April, 1928.

MY LORD,

I HAVE the honour to refer to Your Lordship's despatch Confidential A of the 20th of December,* forwarding copies of the draft Palestine Estimates for the year ending 31st December, 1928, and to inform you that I have considered, in consultation with the Lords Commissioners of the Treasury, the details of the provision made in those Estimates for the Trans-Jordan Frontier Force under Head XXI and Head XXXI.

2. I note that you propose to reduce the strength of the Force by 2 British Warrant Officers and 50 Privates during 1928 and to replace one of the local Veterinary Officers by an additional British Farrier Sergeant, and that provision has been made in the Estimates accordingly. The Air Council, whom I have consulted, have intimated that they see no objection to the proposed changes in the establishment; and I accordingly approve your proposals.

3. The rates of pay and allowances for the various appointments under Head XXI are shown in some cases, in Palestinian currency, and in other cases in Egyptian currency. In the former cases provision is made elsewhere (under Item 23) for the grant of compensatory allowances to the officers concerned to cover the loss involved by the conversion of their emoluments into Palestinian currency. From the point of view of consistency, and as a matter of convenience, I would suggest that the rates of pay and allowances under Head XXI should be shown in all cases in pounds Palestine and the necessary additional provision made in the item for compensatory allowances.

4. I would also observe that the emoluments shown in the case of British Warrant Officers and British Sergeants do not correspond with those laid down in the revised draft Regulations for the service of such personnel, which formed the first enclosure to my despatch Confidential D of 11th August, 1927,† inasmuch as Expatriation Allowance is shown as being payable in the Estimates, whereas in the draft Regulations the amount of that allowance is included in the rate of pay. This follows the practice adopted in the case of British Officers serving with the Force, where the grant of Expatriation Allowance was considered to be inappropriate, and it is desirable that the emoluments of British Warrant Officers and Sergeants should be shown in similar form in the Estimates.

5. I have the following comments to offer on the individual items mentioned below:—

Item 16.—I note that you propose to regrade the appointment of Hotchkiss Gun Officer as a Captain's appointment with pay at the rate of £600—50—£700, but with no Duty Allowance, and that provision has been made under this item accordingly. I approve your proposal which will, I assume, involve the promotion of Lieutenant S. H. Atkins to the paid rank of Captain in the Force as from the 1st January, 1928. You will doubtless submit a recommendation to that effect in due course.

Items 49 *and* 50.—I approve the new appointments, viz.: 2 mechanics and 2 electricians, for which provision is made under these items.

Item 51.—The proposal for the grant of gratuities to non-regular British Officers on termination of service with the Force, for which provision is included under this item, is still under consideration, and a further communication on the subject will be addressed to you in due course.

Item 66.—I shall be glad if you will confirm my impression that the cost of upkeep and replacement of furniture for the Messes of the British Officers, British Warrant Officers and Local Officers, which is not a Government liability, is not provided for under this item.

HEAD XXXI.

Items 1-4.—From the comments on these items in the memorandum enclosed with your despatch Confidential A of the 21st December,‡ it would appear that these works services at Zerka are to be carried out by the Air Ministry, Works and Buildings Department. I understand, however, that it has now been decided that these works should be carried out by the Public Works Department of the Palestine Government. I shall be glad if you will let me know whether this is the case.

* No. 1. † No. 40 in Middle East No. 6. ‡ C. 57038/28 [No. 2]; not printed.

6. Subject to the foregoing observations, I approve the Estimate of expenditure on the Frontier Force for the year ending 31st December, 1928, at a total expenditure (Capital and Recurrent) of £166,709. Approval of the items included under Head XXXI has already been conveyed to you in my telegram No. 20 of the 10th of February.*

7. In your telegram No. 209 of the 24th October,† you intimated that the expenditure on the Force for the first quarter of 1929 will be in proportion to the estimated expenditure for the year ending 31st December, 1928. The amount of the British grant-in-aid for the year ending 31st March, 1929, has accordingly been calculated on the total estimate for the year ending 31st December, 1928, and a sum of £30,000 has been included under Sub-head E 2 of the Colonial and Middle Eastern Services Estimate, 1928, representing approximately one-sixth of the estimated Recurrent and Capital Expenditure for the financial year ending 31st March, 1929, plus approximately one-sixth of the anticipated excess expenditure over and above the estimate for the financial year ended 31st March, 1928, to which reference is made in your telegram No. 223 of the 7th November, 1927.‡

8. As the Lords Commissioners of the Treasury usually require the submission of Estimates by the 1st November in each year, I should be grateful if you could arrange in future years to furnish me with detailed estimates of the Trans-Jordan Frontier Force, if possible, by that date. For the purpose of considering what, if any, financial assistance should be afforded by His Majesty's Government, a statement should be appended showing the estimated expenditure for period 1st April to 31st March. In any case, the estimated expenditure on account of the Trans-Jordan Frontier Force and also figures showing the estimated revenue and expenditure of the Trans-Jordan Administration, also the anticipated financial position as at the commencement of the year, should be telegraphed to me not later than the 25th of October in each year.

I have, &c.,
L. S. AMERY.

C. 57038/28 [No. 5].

No. 3.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by No.* 4.]

(Confidential A.)

Downing Street, 21st May, 1928.

MY LORD,

I HAVE the honour to inform you that I have had under consideration the draft Estimates for the year 1928 which were forwarded under cover of your despatch Confidential A of the 20th December.§ I regret the delay in replying to that despatch and to your despatch Confidential A of the 21st December‖ but, as you are aware, certain important questions—for example the incidence of the cost of the Trans-Jordan Frontier Force and the settlement of certain debt liabilities—were still unsettled when the draft Estimates reached me, and it seemed preferable to postpone their consideration until the situation in regard to these questions had become clearer.

2. I am now in a position to deal with the draft Estimates. In the first place, I would express my appreciation of the careful manner in which they have been prepared and submitted to me. I realise that, as in the case of the Estimates for 1927, their compilation must have presented considerable difficulty and I feel that much credit is due to the officers concerned in their preparation.

3. I now turn to an examination of the general financial position of Palestine. The Estimates as submitted show a deficit of £P120,742 which will be increased on account of additional expenditure subsequently approved, *e.g.*, the cost of the site for the Archæological Museum. But this deficit will I trust be subject on the other hand to certain reductions; since (1) additional revenue beyond that shown in the draft Estimates should be realised by way of interest on balances from the loan remaining unexpended during 1928 and (2) judged by the experience of recent years, the whole of the estimated expenditure on Public Works Extraordinary is unlikely to be expended during the year. In looking forward to subsequent years, however, allowance must be made for the fact, to which you drew attention, that in 1929 and

* No. 32 in Middle East No. 19. † No. 23 in Middle East No. 19.
‡ No. 26 in Middle East No. 19. § No. 1. ‖ C. 57038/28 [No. 2]; not printed.

following years certain automatic increases in expenditure will have to be met. Those increases fall, broadly speaking, under three heads, namely:—

(i) additional loan charges by way of both interest and sinking fund, together with, as the proceeds of the loan are utilised, a diminishing revenue from interest on unexpended balances;

(ii) increasing expenditure on services recently instituted, such as land settlement;

(iii) normal increments of officers and new pension charges.

At a rough estimate these automatic increases in expenditure and decreases in revenue may be put at £P80,000 in 1929, £P120,000 in 1930 and £P160,000 thereafter.

4. I am disposed to agree with your view that there is little prospect of a material increase of revenue in the immediate future and, as you point out, the surplus balances of your Government are already fully allocated. Assuming that the general economic position in Palestine is unlikely to show any substantial improvement in the immediate future the problem, as you say, becomes one of reducing expenditure. I am glad to note that as a first step in this direction you have issued instructions which should lead to a reduction in the cost of the Police and Military Establishments during the current financial year. I share your concern at the magnitude of the votes for those Establishments. The cost of the Department of Police and Prisons alone is equal to about 16 per cent. of the total ordinary revenue of your Government. If, as I hope will be the case, it is found possible to effect further economies in the cost of this Department without diminution of its efficiency, considerable benefit should be obtained by the whole population of Palestine, since it will then be possible to incur increased expenditure on Health, Education and other services which the country is not now able to afford.

5. I have noted with satisfaction that every effort will be made to effect further economies by reducing recurrent expenditure in all departments during the present financial year and I trust that these efforts will be successful. The present circumstances of Palestine are such that finance must be an over-riding consideration; the expenditure over a series of years must be kept within the available revenue, and, in view of the automatic increases of expenditure which can be foreseen, some balances should, if possible, be accumulated. I am not without hope that when the present trade depression in Palestine has passed its worst point the financial position of your Government will show an appreciable improvement; it may then be possible to realise more fully the aims set out in your despatch, with which I am in general agreement. But for the present I consider that no new commitments should be undertaken by your Government, that economies should be effected wherever these are possible, and that the general aim of your Government should be, not to pursue a policy of severe retrenchment, but so to slow down expenditure as to allow Palestine, after the present depression has passed its worst phase, to develop and expand its several services on foundations which should remain intact if a prudent financial policy is pursued during the period of difficulty.

6. I fully realise that the policy which I have outlined above may be criticised by that section of the population of Palestine which looks to the Government to provide additional and increased services for its benefit and to modernise the country by improvement of the various means of communication. But the desires of this section of the population and indeed the desires of the people of Palestine as a whole cannot be fully satisfied at a time when, owing to circumstances beyond its control, the Palestine Government is faced with a period of financial stress, aggravated to some degree by such untoward incidents as the earthquake of July, 1927, and the drought which caused such distress in southern Palestine.

7. I now turn to the points discussed in the later paragraphs of your despatch. I trust that it will be possible to submit the details of the railway estimates to me at an early date and that you will be able to reduce expenditure on transport and travelling without detriment to the public service.

Other points of detail in connection with the draft Estimates are discussed in the enclosed memorandum and subject to the comments therein, I approve the draft Estimates for the current financial year. I shall be glad to be furnished with copies of the approved Estimates as soon as possible after they have been printed.

I have, &c.,
L. S. AMERY.

Enclosure in No. 3.

MEMORANDUM ON THE DRAFT ESTIMATES SUBMITTED WITH LORD PLUMER'S DESPATCH CONFIDENTIAL "A" OF THE 20TH DECEMBER, 1927.

Revenue.

Head III.—Licences and Taxes.

Information is requested in due course of the details of the proposed revision of Motor Transport licence fees mentioned in the remarks on Item 5.

It is presumed that the High Commissioner is satisfied that the estimate of Tithe Revenue makes full allowance for the effect on receipts under Item 15 of the institution of the fixed assessment for tithes in a number of villages.

Head IV.—Fees of Court.

It seems unlikely that the Estimate of the Receipts from Passport Fees under Item 5 will be realised. The amount of the fees collected in the year 1926 cited in the Remarks Column would not appear to afford a reliable basis for the Estimate; since the demand for Palestine passports was then exceptional.

Item 7.—When the expenditure of £E5,000 on fumigation equipment was approved, it was understood that it was probable that £E2,000 would be recovered. It now appears from Item 114 of Head XIII that further expenditure is being incurred on this service. It is stated in the Memorandum which accompanied the draft Estimates that the cost of the fumigation campaign is in most cases recoverable, but in view of the amount which has already been expended and of the further provision now made in the draft Estimates for fumigation outfits, it is requested that further details of the scheme may be forwarded together with a statement of the prospects of a larger revenue.

Item 9.—As it has been decided that emigration shall be restricted to very exceptional cases only, there seems to be very little likelihood of the amount of £P5,000 being received in Immigration Fees.

Item 17.—The revenue from the Stud Farm falls so far short of the expenditure that it seems desirable to reconsider the whole matter, and to endeavour to obtain a higher return for the services rendered by the farm.

The fees received from exporters for the inspection of fruit should be shown separately.

Head VI.—Railways.

The actual revenue from the Railways in 1926-27 was £P379,158 and in 1925-26 was £P402,386. It is explained in the High Commissioner's despatch of the 21st of December* that this falling off is in some measure due to road competition. To meet that competition, so far as passenger traffic is concerned, the purchase of Sentinel Cammell Steam Coaches has recently been approved. It is hoped that this purchase and the activities of the Railway Board will lead to an increase in the revenues from the Railways. If not, serious consideration should be given to the possibility of reducing expenditure which has not so far fallen proportionately with the revenue obtained from non-Government traffic.

Interest.

Head VII.—The Estimates appear to overlook the fact that a substantial sum should be earned by way of interest on that part of the proceeds of the recent loan which remained unexpended in 1928. Revenue from this source might be calculated at 4 per cent. per annum on sums available for investment and deposit.

It is not clear whether the interest to be received upon the sums advanced by the Government to assist in the restoration of property damaged in the earthquate is provided for in the Estimates. The amount should be shown separately.

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* C. 57038/28 [No. 2]; not printed.

Expenditure.

Head IV.—Secretariat.

Item 14.—The question of scales of salary for the clerical service and for the special grade will be dealt with in reply to the High Commissioner's despatch on this subject.

Head VII.—Judicial.

Item 9.—If the posts of Relieving Presidents of District Courts have been declared pensionable they should be starred.

Item 39.—It is not clear whether the Assistant Inspector of Sharia Courts and the Chief Clerk, which post was previously proposed in this Department, are identical.

Head VIII.—Treasury.

Item 3.—The scale of salary for the Deputy Treasurer should be £P900—50—1,100.

Head X.—Customs.

In addition to the new appointments made necessary to carry out the Intoxicating Liquors Ordinance, there are a considerable number of new appointments in this Department. It is requested that, before these appointments are filled, some further explanation for their need may be submitted. During the past two years many customs duties have been abolished, including some which were said to involve so much labour in collection as to cost more than they produced. In addition, the new customs tariff in many instances substituted specific for *ad valorem* duties and it would appear that this substitution should lessen the work of customs officers. Before approving the increases of staff now proposed, the Secretary of State would wish to be satisfied that it is not possible so to re-distribute the duties of the existing staff as to make the increases unnecessary. If it is still desired to increase the staff it would be convenient if a return could be submitted showing (1) the cost of the collection of customs revenue and (2) the revenue collected during the past few years together with similar (estimated) figures for 1928.

Item 27.—In the remarks column " Item 47 " would appear to be an error for " Item 42."

It is requested that in future Estimates details may be given of the appointments now shown in a lump sum vote under Item 38.

Head XI.—Health.

Item 49.—It is requested that further information may be supplied in amplification of the statement that " the cost of the malarial survey will in future be borne by the Government." It would be convenient if this report could be furnished by a separate despatch.

Head XII.—Education.

Item 10.—The initial salary—£P310—would appear to be a printing error.

Item 12.—The provision of £P750 for the appointment of two Inspectors for Jewish schools would appear to be too high. If that is the case, the provision for the grant-in-aid to Jewish schools would have to be increased. In any case, it appears that these appointments should not be starred as pensionable, as they are understood to be temporary.

Item 63.—A sum of £P2,200 is provided for railway fares and freights as against an actual expenditure of £E577 in 1926-27 and an estimated expenditure of £P770 in 1927. This increase must in part be due to the introduction of the system of payment for all railway services but it appears doubtful whether the introduction of that system would account for the whole increase. An explanation is requested of the increase in expenditure under this item.

Head XIII.—Agriculture.

Items 105 *and* 119.—In the Secretary of State's telegram No. 246 of the 17th of November last* it was suggested that expenditure on (1) propagation of mulberry

* C. 25052/27 [No. 41]; not printed.

stocks and (2) grant-in-aid of sericultural experimental work should be £P150 for each. If this suggestion is accepted, the provision under these items should be amended accordingly.

Head XIV.—Land Settlement.

Item 1.—The post of Commissioner of Lands held by Mr. Abramson should be declared pensionable and be starred.

Head XVII.—Survey.

Item 37.—It is requested that some further explanation may be given of the very considerable increase in the amount provided for labour service

Head XVIII.—Police and Prisons.

Items 82, 84 *and* 86.—In view of the fact that it is proposed to leave unfilled the first 100 vacancies it is not clear why it should be necessary to increase the staff at the training school. It would appear that the staff of 23 at this school might be reduced.

Items 94 *and* 99.—It is assumed that as a decrease of almost one-quarter in the number of constables is anticipated the number of sergeants and corporals will also be reduced as opportunity offers. It is disappointing that, notwithstanding the reduction of 20 per cent. in the number of British police, expenditure on " other charges " has not fallen but, on the contrary, shows an estimated increase even after allowing for the cost of passages of constables to be repatriated.

Item 130.—The question of the rate of expenditure by this department on telegrams, &c., has already been raised.

Item 155.—As this is a new appointment the scale of salary should be expressed in £P and not in £E.

Item 188.—The second post of Inspector which is held by a pensionable officer seconded from the Home Service should be made pensionable.

Head XXIII.—Posts and Telegraphs.

Item 42.—It appears that in the remarks column " Item 40 " is an error for " Item 41."

Head XXV.—Public Works Recurrent.

Item 2.—It is noted that although a portion of the expenditure under this item has now been transferred as a charge against the Health Department the expenditure still retained under the item remains practically at its old level.

Head XXIX —Public Works Extraordinary.

In 1926-27 the estimated expenditure under this head was £E240,000; actual expenditure proved to be only £E129,000. In 1927 (9 months) the estimate, including some items approved while the Estimates were under examination, was about £E270,000; the revised estimate was £E196,000 but, from the table on page 5 of the present draft Estimates it appears that only about £P90,000 will be spent on those services which were included in the 1927 Estimates. It is realised that it is difficult to estimate closely what expenditure will be incurred on Extraordinary Public Works in any one year; but over-estimating to the extent to which it has occurred in recent years is sufficient to give a misleading appearance to the whole of the Estimates; and it is hoped that it will be found possible to estimate more closely under this head in future years.

Item 13.—It would appear that this item has been misplaced and should appear under the heading " Jaffa "; since in Lieutenant-Colonel Symes' despatch No. 859 of the 8th June, 1927,* it was throughout stated that the work was to be carried out at the Jaffa and not at the Haifa quarantine lazaret.

Items 23 *and* 25.—It is presumed that these items form part of the proposal approved in the Secretary of State's despatch No. 970 of the 27th of July last.† The Estimates now given differ, however, from those then submitted.

* C. 44574/27 [No. 1]; not printed.

† C. 44574/27 [No. 2]; not printed.

Item 41.—It is noted from paragraph 11 of the High Commissioner's covering despatch that he is unable to postpone any longer the construction of a Police station and prison at Ramleh. It is requested that the Secretary of State may be informed what accommodation it is proposed to provide for the sum of £P8,410 which, at first sight, would appear to be a very high rate of expenditure for the provision of police and prison accommodation in a place the size of Ramleh. It is realised that part of the expenditure is caused by the nature of the foundations required for the building.

Items 57 *and* 60.—The reconstruction of the two roads for which these items provide was originally estimated to cost £P47,180. The latest Estimates are £P66,154. The explanation given in one case—namely, that the estimate now includes additional railway freight charges—is noted, but would hardly seem to account for an under-estimate amounting to £P18,974. It is hoped that every effort will in future be made to obtain closer and more reliable estimates before large works of this character are undertaken.

C. 57038/28 [No. 8].

No. 4.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 3rd July, 1928.)

[*Answered by No.* 5.]

(Confidential (B).)

SIR, Government Offices, Jerusalem, 21st June, 1928.

I HAVE the honour to refer to your despatch Confidential A of the 21st of May,* on the subject of the Palestine Estimates for the year 1928, and to forward herewith a memorandum setting forth the amendments which have been made in the Estimates in answer to the observations contained in the memorandum which was enclosed with your despatch.

2. In view of the considerable delay that has already occurred in approving the Estimates, the relative unimportance of the amendments, and the cost of printing, I consider that it is unnecessary to reprint the Estimates. I have therefore caused any printing errors in the present publication to be corrected, and am laying the Estimates in that form before the Advisory Council.

I realise that certain Heads will show excesses resulting from supplementary approved expenditure, but it is anticipated, and in the third paragraph of your despatch you agree, that these excesses will be more than balanced by increases under revenue heads and savings on votes generally.

I trust, therefore, that you will approve the course which I have followed.

3. I feel doubtful whether the optimistic conclusions which you draw from your survey of the general financial position of Palestine are fully justified. In my despatch Confidential of the 24th of May,† I have stated what, in my view, are the main contributory causes of the present unsatisfactory situation. I suggested the possible remedy and reported the remedial measures already taken by me in this connection. I wish to emphasise that the temporary stimulation of revenue receipts in the years 1924, 1925, and 1926, and the uneconomic conditions then prevailing, are not safe criteria by which to calculate future revenue estimates. While a slight improvement from the present depression may reasonably be expected as trade recovers from the deflation period and steady development proceeds, I am persuaded that the present estimates of revenue should be taken as the normal and as impracticable of any appreciable expansion.

4. I have already informed you in my despatch Confidential A of the 20th of December, 1927,‡ of my proposals for reducing the police and military establishments. In the memorandum enclosed with your despatch, you refer to the possibility of effecting reductions in the establishments of non-commissioned officers and in expenditure under Other Charges. It is, however, my considered opinion that, while it may be possible to reduce the number of constables in the Police Force and of privates of the Trans-Jordan Frontier Force, it is absolutely essential that the present cadres of officers, warrant officers and non-commissioned officers in both Forces should be retained, for it is on those cadres that the training and efficiency of the Forces depend, particularly in the event of an emergency necessitating the recruitment of additional

* No. 3. † C. 57408/28; not printed. ‡ No. 1.

men for short periods. I am addressing you in a separate despatch* with a proposal for the establishment of a reserve for the Trans-Jordan Frontier Force that could be called up as required, and for the holding of reserve stocks of clothing and equipment for such emergencies. It is only if it is accompanied by the institution of such safeguards that any material reduction in the strengths of these Forces can be brought about.

5. The criticisms of new expenditure in the Customs Department in the memorandum enclosed with your despatch overlook the circumstances that the re-organisation of a department of that size and importance must be spread over a period of years, and that while drastic economies have been secured by the discharge of incompetent officers and the substitution of a specific for an *ad valorem* Customs Import tariff, the efficiency of the department still must depend largely on the quality of its superintendent officers. I am satisfied that the improvements in the cadre of this department have been justified by the financial results obtained.

I have, &c.,
PLUMER, F.M.,
High Commissioner for Palestine.

Enclosure in No. 4.

MEMORANDUM ON THE ESTIMATES FOR 1928.

REVENUE.

Head III. Licences, Taxes, &c.—The new legislation for the revision of motor transport licence fees is still under consideration.

The estimate of £P.200,000 for tithes is within the assessment of the average commuted tithe; but it is probable that the lack of latter rains in certain areas will necessitate remission in these areas. It is early as yet to estimate the extent to which such remissions will have to be granted.

Head IV. Fees of Court.—The revised estimate of receipts from passport fees for 1928 is £P.6,500, but the estimates for 1928 have not been amended.

The collection of plant fumigation fees has been difficult, and it is not anticipated that the estimate of £P.500 for 1928 will be exceeded. The imposition of an export duty on oranges to cover the cost of fumigation is, however, under consideration

The revised estimate of receipts from registration of immigrants' fees in 1928 is £P.4,000, but the estimates for 1928 have not been changed.

The question of charging fees for stud farm services is under consideration, but the improvement of stock is a primary consideration. Most of the receipts from the stud farm are at present in respect of sales of surplus poultry and farm produce.

A new head has been opened in the accounts for fruit inspection fees, and the Estimates for 1929 will show these receipts separately.

Head VI. Railways.—The Secretary of State has been addressed separately on the subject of the Railway estimates, and ways and means of effecting economies in Railway services and increasing Railway revenues are under consideration.

Head VIII. Interest.—Interest from the investment of surplus cash balances by the Crown Agents is being shown under this head. It is difficult to estimate the amount likely to be received from this source, owing to the lack of information regarding the dates of payment of interest coupons on stock. A substantial sum will, however, be received from this source in 1928, and receipts from this source will be shown separately in the Estimates for 1929. It is also anticipated that a substantial sum will be received from advances to Municipalities; but no very large sum will be received in interest on earthquake reconstruction loans since the amount advanced at the 31st December last was small.

EXPENDITURE.

Head VII. Judicial.

Item 9.—The posts of Relieving Presidents of District Courts are pensionable, and the necessary amendment has been made.

Item 39. The Chief Clerk, whose post was previously proposed, and the Assistant Inspector, Shari'a Courts, are identical.

* 59474/28 [No. 1]; not printed.

Head VIII. Treasury.

Item 3.—The scale of salary of Deputy Treasurer has been corrected.

Head X. Customs.

Item 27.—Reference in the remarks column to Item 47 has been corrected.

It was not possible to set up appointments provided for under Item 38 in the Estimates at the time they were prepared, as the information was not then available. Details of these appointments will, however, be shown in the Estimates for 1929.

Head XI. Health.

The information required will be furnished in a separate despatch.

Head XII. Department of Education.

Item 10.—The initial salary of the Headquarters Inspectors has been corrected.

Item 12.—The question of emoluments for the two Inspectors for Jewish Schools was not settled when the draft Estimates were submitted, nor was the date of their appointments fixed. Provision was therefore inserted for the whole year. The grant-in-aid to Jewish schools will be increased accordingly. The Estimates for 1928 have not, however, been amended.

Item 63.—The expenditure on Railway Fares and Freight in the nine months ended December, 1927, was £P.1,478. The Director, Department of Education, reports, however, that many of the officers in his Department did not avail themselves of the privilege of free railway transport on leave. The increase is intended to cover the increase in the number of those who will avail themselves of the privilege this year.

Head XIII. Agriculture and Forests.

Items 105 *and* 119.—The increase in the provision under these items is in connection with the scheme to promote sericulture referred to in the High Commissioner's despatch No. 1235, dated the 25th of August, 1927.*

Head XV. Land Settlement.

Item 2.—Steps are being taken to declare the post as pensionable, and the alteration will appear in the Estimates for 1929.

Head XVII. Survey Department.

Item 37. *Labour Service.*—The Director, Survey Department, explains the necessity for the increase under this item:—

"The strength in numbers of the Survey Labour Service is nearly proportional to that of the Field Survey in classified officers. When the Estimates for the current year were drafted, the field strength, which had been regularly increasing according to the speed of field training, was limited to that attainable and necessary in January, 1928.

"The average field strength for the nine-month financial year 1927 had been correctly calculated at 58 officers, and the strength attainable early in 1928, to be fixed for the twelve-month year, at 69.

"The product of the resulting ratios of time and strength is equivalent to a 59 per cent. increase on the previous total of the item, so that the provision of £E.6,250 in the 1927 Estimates had to be increased to one of £P.10,000 in the 1928 Estimates."

Head XVIII.

Police and Prisons.—The general question of the reductions under this head is dealt with in paragraph 4 of the despatch.

Item 155.—The appointment of one Instructor Blacksmith will, in future, be shown in £P.

Item 188.—Steps are being taken to declare the second post of Inspector as pensionable, and the alteration will appear in the Estimates for 1929.

Head XXIII. Posts and Telegraphs.

Item 42.—The reference in the remarks column to Item 40 has been corrected to read 41.

* C. 25052/27; not printed.

Head XXV. Public Works Recurrent.

Item 2. *Maintenance of Mechanical Transport.*—The Director, Department of Public Works, explains the increase under this item as under:—

"The increase in 1928 as against the provision for the nine months of 1927 is required to meet the cost of operation by this Department of two vehicles hitherto held in reserve, increased mileage by existing vehicles and additional mechanics in the districts. These increased services have become necessary owing to the large programme of work in hand."

Head XXIX.

Public Works Extraordinary.—The Estimates for 1927 provide a sum of £P.200,645 under this head, and the actual expenditure, excluding the transfer from loan funds, amounted to £P.143,537. The discrepancy between the actual expenditure and the Estimates as prepared is accounted for by the delay in approving the Estimates in the first instance and the necessity for effecting every possible economy under this head during the year.

Item 13.—This item has been deleted and is now inserted under Jaffa, Item 25 (*a*).

Items 23 *and* 25.—The Secretary of State is correct in his assumption that these items form part of the proposal approved in his despatch No. 970 of the 27th of July last.*

Item 41.—The Police Station and Prison at Ramleh is now under construction. It provides accommodation for:—

2 officers,
4 non-commissioned officers,
26 men,
20 horses,
60 prisoners.

Items 57 *and* 60.—The necessity for the increase in the estimate for the construction of the Jaffa-Ramleh Road is mainly due to the inclusion of additional charges for railway freight on stone, and to an under estimate in the first instance. The cost of the construction of a tar-macadam road between Ramleh and Jaffa was difficult to estimate as this type of work had not been undertaken before locally.

The cause of the increase in the estimate for the construction of the Rishon-Rehoboth Road is explained in the High Commissioner's despatch No. 484 of the 31st of March, 1927.†

C. 57038/28 [No. 13].

No. 5.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential.)

SIR, Downing Street, 28th August, 1928.

I HAVE the honour to acknowledge the receipt of Lord Plumer's despatch Confidential B of the 21st of June‡ in regard to the Palestine Estimates for the year 1928, and to convey my approval of the action reported in paragraph 2 of that despatch.

I have, &c.,
L. S. AMERY.

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* 44574/27 [No. 2]; not printed. † C. 44406/27 [No. 3]; not printed. ‡ No. 4.

Printed for the use of the Colonial Office.

Middle East
No. 19.

Confidential.

Papers relating to the Middle Eastern Services portion of the Colonial and Middle Eastern Services Vote, 1928.

COLONIAL OFFICE,
MARCH, 1929.

Printed for the use of the Colonial Office.

Middle East
No. 19.

Confidential.

Papers relating to the Middle Eastern Services portion of the Colonial and Middle Eastern Services Vote, 1928.

COLONIAL OFFICE,
MARCH, 1929.

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III. CORRESPONDENCE.

Serial No., From or to whom, Despatch No., &c., and Date.	Subject and Page No.
	'Iraq.
1928.	
1 Treasury ... ... February 7	Concurs generally in the Air Ministry proposals relative to the expenditure to be incurred in 'Iraq in 1928 and subsequent years, subject to the qualifications indicated, and transmits a statement summarising the arrangements 33
2 To the High Commissioner, 'Iraq, Confidential (E) February 16	Transmits, with observations, a copy of No. 1 35
	Sub-head D.2.—Boundary Commission.
1927.	
3 To Treasury ... November 14	Requests approval for the sum of £3,000 to be included in the draft Estimate as a re-vote in respect of His Majesty's Government's share of the cost of the 'Iraq-Syrian Boundary Delimitation Commission, on the understanding that it will be reviewed should the Commission be constituted and get to work this winter 35
	Sub-head D.3.—High Commissioner, Salaries and Expenses.
4 The Acting High Commissioner, 'Iraq, Telegram No. 502 ... ... October 19 (Rec. Oct. 20)	States the estimates of expenditure under the various heads indicated 36
5 The Acting High Commissioner, 'Iraq, 1478 October 22 (Rec. Oct. 31)	Transmits, with observations, the Estimates of the High Commission 36
6 To Treasury ... December 15	Submits observations on the draft Estimate of expenditure on the establishment of the High Commissioner, and requests approval thereof 37
1928.	
7 Treasury ... ... February 9	Conveys approval of the provision of £25,000 as a contribution in respect of the High Commissioner's establishment 38
8 To the High Commissioner, 'Iraq, 212 ... March 15	Conveys approval of the Estimate as submitted in No. 5, and requests early submission of the Estimates in future years 38

Serial No., From or to whom, Despatch No., &c., and Date.	Subject and Page No.
Sub-head D.5.—'Iraq Levies.	
1927.	
9 The Acting High Commissioner, 'Iraq, Telegram No. 557 ... November 17 (Rec. Nov. 17)	States the amount of the revised Estimates for the 'Iraq Levies for 1928-29 38
1928.	
10 The High Commissioner, 'Iraq, 1796 December 24, 1927 (Rec. Jan. 7, 1928)	Transmits copies of the draft Estimates for the 'Iraq Levies, and submits observations thereon 39
11 To Treasury ... February 15	Submits observations on the draft Estimates of expenditure, and requests approval of the reduced provision indicated 44
12 Treasury ... ... March 13	Conveys sanction to the proposed establishment at the estimated cost of £221,250 46
13 To the High Commissioner, 'Iraq, 231 ... ... March 22	Transmits copies of Nos. 11 and 12, and submits observations on points arising in connection with the Estimates 46
Sub-head D.6.—'Iraq Levies—Disability Compensation.	
1927.	
14 To the High Commissioner, 'Iraq, Telegram No. 378 October 25	Requests information with regard to the Estimate submitted in respect of disability compensation for the 'Iraq Levies 47
15 The Acting High Commissioner, 'Iraq, Telegram No. 518 ... ... October 26 (Rec. Oct. 27)	In reply to No. 14, states that the increased provision was proposed to cover eventualities 47
16 To Treasury ... ... October 31	Gives the details of the provision to be made in respect of disability compensation and retired pay for the 'Iraq Levies 47
17 Treasury ... ... November 7	Sanctions provision of the sum proposed in No. 16 ... 48
Sub-head D.7.—British Officials' Compensation.	
18 To the Acting High Commissioner, 'Iraq, Confidential ... ... December 3	In the circumstances indicated, requests the details on which the estimate for British Officials' compensation for 1928 is based 49
1928.	
19 The High Commissioner, 'Iraq, Confidential A ... January 14 (Rec. Jan. 23)	In reply to No. 18, states the position regarding the question of British Officials' compensation, and submits a proposal for its settlement 49
20 To Treasury ... February 20	Submits observations on the proposals contained in No. 19, and suggests that the provision inserted in the Estimate be reduced in the manner indicated, the balance to be transferred to the provision for Indian troops in 'Iraq 50
21 Treasury ... ... February 25	Agrees to the payment of compensation as proposed in No. 20, subject to the condition indicated 52
22 To the High Commissioner, 'Iraq, Confidential ... March 15	Transmits, with observations, copies of Nos. 20 and 21, and states that the sum provided in the Estimate for this purpose has been reduced accordingly 52
Sub-head E.2.—Trans-Jordan Frontier Force.	
1927.	
23 The High Commissioner, Palestine, Telegram No. 209 ... ... October 24 (Rec. Oct. 24)	States the estimated expenditure for the Trans-Jordan Frontier Force for 1928 53

Serial No., From or to whom, Despatch No., &c., and Date.	Subject and Page No.
1927.	
24 The High Commissioner, Palestine, Telegram No. 211 ... ... October 26 (Rec. Oct. 26)	Indicates the items which will be over-expended in 1927, and requests that these sums may be taken into account in calculating the Imperial Grant for 1928-29 ... 53
25 To the High Commissioner, Palestine, Telegram No. 233 ... ... October 31	Requests further details with regard to No. 24 53
26 The High Commissioner, Palestine, Telegram No. 223 ... ... November 7 (Rec. Nov. 8)	Furnishes the information asked for in No. 25 54
27 To Treasury ... November 21	Transmits copies of Nos. 24, 25 and 26. Submits observations thereon, and requests approval for the increase indicated 54
28 Treasury ... ... November 30	States that provision will be made for the increase proposed in No. 27 55
1928.	
29 To Air Ministry ... January 26	States that the High Commissioner for Palestine has proposed that the strength of the Trans-Jordan Frontier Force should be reduced this year in the directions indicated, and asks whether any objection is seen to the proposed reduction 55
30 To Treasury ... January 26	Transmits in detail the Estimate of expenditure on the Trans-Jordan Frontier Force for 1928, and submits observations thereon 55
31 Treasury ... ... February 7	Approves the Estimates of the Trans-Jordan Frontier Force for 1928 57
32 To the Officer Administering the Government, Palestine, Telegram No. 20 February 10	Conveys approval of the items under Head XXXI, Trans-Jordan Frontier Force Extraordinary... 57
33 Air Ministry ... February 16	States that no objection is offered to the reduction of the Force as proposed in No. 29 58
Sub-head E.3.—Trans-Jordan Administration.	
1927.	
34 To Treasury ... November 5	Submits observations on the estimated Grant-in-Aid of the Trans-Jordan Administration for 1928, and indicates the sum for which it is proposed to make provision in the Estimates 58
35 Treasury ... ... November 17	Indicates the issue to be made from the Grant-in-Aid for 1927, and concurs in the proposed provision for 1928. Suggests that any advance for extraordinary expenditure should take the form of a loan rather than of a grant as at present 59
1928.	
36 To the High Commissioner, Trans-Jordan, Telegram No. 9 ... ... February 25	Requests a revised estimate of the surplus balances of the Trans-Jordan Government at the 31st March, 1928, if the issues from the 1927-28 Grant-in-Aid are limited as indicated. States the sum at which the 1928-29 Grant-in-Aid has been fixed 60
37 The High Commissioner, Trans-Jordan, Confidential ... ... May 4 (Rec. May 14)	Transmits, with observations, the Estimates of Trans-Jordan for 1928-29, together with a covering letter by the British Resident 60
38 Treasury ... ... May 29	Enquires whether the Estimates of Trans-Jordan will be available in the near future, and would be glad to learn the progress of expenditure from the loan for earthquake damage 61

Serial No., From or to whom, Despatch No., &c., and Date.	Subject and Page No.
1928.	
39 The High Commissioner, Trans-Jordan, Confidential ... ... June 7 (Rec. June 18)	Requests approval of the changes indicated under Head V of the estimate of expenditure 61
40 To Treasury ... ... July 23	Details the circumstances in which private loans were made to officials in respect of earthquake damage. Submits observations on the draft Estimates, and transmits, for concurrence, a draft of a despatch which it is proposed to address to the High Commissioner on the subject 62
41 Treasury ... ... August 11	Concurs in the terms of the draft despatch submitted in No. 40 63
42 To the Acting High Commissioner, Trans-Jordan, Confidential ... August 27	Transmits observations on the draft Estimates, and urges the desirability of reducing expenditure during the forthcoming year 64
Sub-head F.1.—Arabia—Sundry Political Expenditure.	
1927.	
43 To Treasury ... November 5	Submits details of the services for which the provision under Sub-head F.1, Sundry Political Expenditure, has been inserted in the draft Estimates, and requests sanction of the sum indicated 66
44 Treasury ... ... December 5	In reply to No. 43, conveys sanction of the provision indicated, but states that the provision for small arms and ammunition for the Protectorate tribes will be deleted 66
1928.	
45 To the Resident, Aden, Confidential ... January 21	States the decisions regarding the various items of political expenditure 67
46 The Acting Political Resident, Aden, 86 ... May 16 (Rec. May 30)	Considers that the Mission at Hodeidah should be maintained until relations with the Imam are placed on a satisfactory permanent footing or until a Consular Officer is appointed 67
47 To Treasury ... ... June 14	Transmits copy of No. 46, and expresses agreement with the views expressed therein 68
Sub-head F.2.—Aden.	
1927.	
48 To the Acting Resident, Aden, Telegram ... October 18	Requests early submission of the Estimates for 1928-29, and asks whether any reason is seen to vary the figures given for 1927-28 68
49 To the Resident, Aden, Telegram ... ... October 20	Requests by telegraph the estimate of expenditure under the heads indicated, and information regarding any other charges debitable to His Majesty's Government other than Military and Air Defence charges 68
50 The Acting Resident, Aden, Telegram No. 206 October 22 (Rec. October 22)	Furnishes revised figures of expenditure for 1927-28, and states that no other charges debitable to His Majesty's Government are anticipated except those on account of the Political Office at Hodeidah 69
51 To the Acting Resident, Aden, 112 ... ... October 28	Submits observations on the territorial and political pensions of Yemen stipendiaries and the pensions paid to Heads of Tribes, and requests further information relative thereto 69
52 The Acting Resident, Aden, Telegram No. 212 November 3 (Rec. Nov. 3)	Transmits the figures of estimated expenditure for 1928-29 70
53 To Treasury ... November 10	Transmits, with observations, copies of Nos. 50 and 52, and requests approval for the provision of the sum indicated 70

Serial No., From or to whom, Despatch No., &c., and Date.	Subject and Page No.
1928.	
54 The Political Resident, Aden, 242 December 28, 1927 (Rec. Jan. 9)	Furnishes the information requested in No. 51, and forwards, with observations, a statement showing the monthly stipends paid to Chiefs chargeable to His Majesty's Government and the Government of India 71
55 To Treasury ... January 30	Transmits copy of despatch from the Resident forwarding a detailed statement of estimated expenditure on non-military services for 1928-29, and proposes to await the reply of the Government of India on the proposed allocation of expenditure before finally determining the Estimate. Transmits copy of No. 54 73
Sub-head N.—Appropriations-in-Aid.	
1927.	
56 To Treasury ... December 5	Transmits explanations in regard to various items which have been included under the heads indicated ... **73**
57 Treasury ... ... December 17	Requests an estimate of the amount payable by the Palestine Government towards the cost of defence ... 74
58 Treasury ... ... December 23	Requests a revised estimate of the receipts in connection with Sub-head E.3, having regard to the observation indicated **75**
1928.	
59 Treasury ... ... January 9	States that their Lordships agree that the whole of the sum to be paid by India in respect of Aden should be appropriated in aid of the Votes on which the Aden defence expenditure is borne 75
60 To Air Ministry ... January 10	Enquires whether the Air Council see any reason to vary the figures previously furnished with regard to the extra cost involved in stationing British Air Forces in Palestine and Trans-Jordan over and above their cost if stationed in Great Britain 75
61 Air Ministry ... January 24	Supplies the information desired in No. 60 ... ... **76**
62 To the High Commissioner, 'Iraq, Telegram No. 46 January 26	Requests an estimate of the receipts from the sale of surplus Levy stores, buildings, and animals to the 'Iraq Government during 1928-29 76
63 To Air Ministry ... February 11	Transmits copy of No. 59, and states that no sum will be included in respect of this matter in the Estimates for 1928 ... ... **76**
64 The High Commissioner, 'Iraq, Telegram No. 92 February 16 (Rec. Feb. 16)	Transmits the information requested in No. 62 ... ... **76**

PAPERS
relating to the
MIDDLE EASTERN SERVICES PORTION
of the
COLONIAL AND MIDDLE EASTERN SERVICES VOTE, 1928.

I.

PARLIAMENTARY VOTE.

	1928. £	1927. £	*Increase.* £	*Decrease.* £
MIDDLE EASTERN SERVICES.				
'Iraq.				
D.1.—Defence	296,000	510,000	—	214,000
D.2.—BoundaryCommission(Revote)	3,000	3,000	—	—
D.3.—Contribution in respect of HighCommissioner, Salaries and Expenses	25,000	25,000	—	—
D.4.—Contribution to 'Iraq Government to assist in the maintenance of the 'Iraq Army (Grant-in-Aid)	73,125	135,000	—	61,875
D.5.—Maintenance of 'Iraq Levies	221,250	378,400	—	157,150
D.6.—'Iraq Levies, Disability Compensation, &c.	625	600	25	—
D.7.—British Officials—Compensation	1,000	2,000	—	1,000
Total for 'Iraq ...	620,000	1,054,000	25	434,025
Palestine and Trans-Jordan.				
E.1. -Defence	30,000	31,000	—	1,000
E.2.—Trans-Jordan Frontier Force (Grant-in-Aid)	30,000	45,000	—	15,000
E.3.—Contribution to Expenses of Trans-Jordan Administration (Grant-in-Aid) ...	40,000	62,000	—	22,000
Total for Palestine & Trans-Jordan	100,000	138,000	—	38,000
Arabia.				
F.1.—Sundry Political Expenditure	1,000	1,000	—	—
F.2.—Aden...	50,000	49,000	1,000	—
Total for Arabia ...	51,000	50,000	1,000	—
Gross Total ...	771,000	1,242,000	1,025	472,025
Deduct—				
N.—Appropriations-in-Aid ...	40,600	35,000	—	5,600
Net Total	730,400	1,207,000*	1,025	477,625
			Net Decrease ...	£476,600

	£	£
*Total Original Net Estimate, 1927, Colonial and Middle Eastern Services ...		3,395,000
Deduct—Transfer from Vote for Middle Eastern Services—		
to Air Votes	1,936,000	
to Army Votes	252,000	
		2,188,000
		£1,207,000

Details.

'IRAQ.

	1928. £	1927. £
D.1.—Defence: The provision of £296,000 for Defence represents the cost of the Indian troops employed, plus the excess cost of the British Forces stationed in 'Iraq over the cost of such Forces if stationed in Great Britain and is payable to the Government of India (£76,000) and to the Air Ministry (£220,000). The excess cost of the Royal Air Force in 1927 is estimated to be £300,000 and the cost of the Indian Troops £210,000	296,000	510,000
D.2.—Boundary Commission (Revote): Estimated sum required to be revoted as the balance of the cost to Imperial Funds of a Commission to determine the boundary between British and French Mandatory Territories in Syria, Palestine, and 'Iraq, in accordance with Article II of the Anglo-French Convention of 23rd December, 1920 (Cmd. 1195). This balance remained unexpended on 31st March, 1928, through postponement of the work on the 'Iraq Section. One-half of the British share of the total cost will be met from 'Iraq revenues... ...	3,000	3,000
D.3.—Contribution in respect of High Commissioner, Salaries and Expenses: This amount is required as a contribution to meet one-half of the salaries and incidental expenses of the High Commissioner and his personal and political staff (including contributions in respect of a Provident Fund), which is chargeable to Imperial funds in accordance with the provisions of Article XIII of the Financial Agreement made under the Treaty with King Feisal (Cmd. 2120)	25,000	25,000
D.4.—Contribution to 'Iraq Government to assist in the maintenance of the 'Iraq Army (Grant-in-Aid): This represents the equivalent in sterling at 1s. 6d. to the rupee of Rs. 1½ lakhs, the balance which will remain unissued on the 31st March, 1928, of the sum of Rs. 48 lakhs provided as a Grant-in-Aid of the 'Iraq Army in respect of the three years 1925, 1926 and 1927, plus the equivalent of 11/12ths of a contribution of Rs. 9 lakhs for 1928. The expenditure out of the Grant-in-Aid will not be accounted for in detail to the Comptroller and Auditor-General. Any unexpended balance of issues made out of the grant will not be liable to surrender by the payee at the close of the financial year	73,125	135,000
D.5—Maintenance of 'Iraq Levies: This Force is under the orders of the High Commissioner and is distinct from the 'Iraq Army, in respect of which a grant is provided under Sub-head D.4. The sum provided represents the cost of maintaining the Force at an estimated total strength on 1st April, 1928, of 1,974. The organisation of this Force, with the consequent release of British and Indian troops, has resulted in a large net saving	221,250	378,400
D.6.—'Iraq Levies, Disability Compensation, &c.: Disability Compensation and retired pay to British officers and men lately serving with the 'Iraq Levies	625	600

	1928 £	1927 £
D.7.—British Officials—Compensation: Compensation for loss of employment to certain British officials whose appointments have been, or are being terminated by the 'Iraq Government. These officials were given to understand in 1921 that they would secure permanent employment in 'Iraq. It has been decided to compensate these officers on the basis of past service, and the provision covers payments likely to be made before 31st March, 1929 (Revote)	1,000	2,000

PALESTINE AND TRANS-JORDAN.

E.1.—Defence: The provision of £30,000 for Defence represents the excess cost of the British Forces stationed in Palestine and Trans-Jordan over the cost of such Forces if stationed in Great Britain, and is payable to the Air Ministry. The Government of Palestine make a contribution equal to this excess cost which is appropriated in aid of this Vote	30,000	31,000
E.2.—Trans-Jordan Frontier Force (Grant-in-Aid): This provision is a contribution towards the cost of the Trans-Jordan Frontier Force, which is available for duty in both Palestine and Trans-Jordan. The estimated total expediture during the financial year 1928 for a force of 731 is £166,709, including £14,800 of a non-recurrent and capital nature, and will be met from the funds of the Palestine Government with the assistance of this contribution which is calculated on the basis of one-sixth of the cost of the Force in 1928 plus one-sixth of certain additional expenditure in 1927. The expenditure out of this Grant-in-Aid will not be accounted for in detail to the Comptroller and Auditor-General, but he will be furnished by the Colonial Office with the audited accounts and with any report of the Director of Colonial Audit thereon. Any unexpended balance of the Grant-in-Aid not required for the purpose of the Frontier Force will be surrendered to the Exchequer ...	30,000	45,000
E.3.—Contribution to Expenses of Trans-Jordan Administration (Grant-in-Aid): The expenditure out of this Grant-in-Aid will not be accounted for in detail to the Comptroller and Auditor-General, but he will be furnished by the Colonial Office with the audited accounts and with any report of the Director of Colonial Audit thereon. No surrender will be made at the close of the year of any part of such sums as may be issued out of the Grant-in-Aid	40,000	62,000

ARABIA.

	1928 £	1927 £
F.1.—Sundry Political Expenditure:		
The amount is required to meet miscellaneous services in Arabia, including:—		
(*a*) Expenses at Hodeidah in connection with relations with the Idrisi of Asir and the Imam of the Yemen (£550).		
(*b*) Travelling expenses of Civil Administrator, Kamaran, while serving as Political Officer, Southern Red Sea Coast (£200).		
(*c*) Miscellaneous Arabian Expenditure (£250) ..	1,000	1,000
F.2.—Aden:		
Before 1st April, 1927, Aden was administered by the Government of India, but as from that date responsibility for the political and military administration of Aden was vested in the Secretary of State for the Colonies, and the cost in 1927 was borne upon the Vote for Middle Eastern Services in the same way as other similar expenditure in the Middle East.		
The provision of £50,000 represents expenditure on a small local military force, and civil expediture in connection with the Protectorate as distinct from the Settlement of Aden, for expenditure on which India remains responsible.		
As from the 1st April, 1928, military expenditure other than on the local force will be borne on Army and Air Votes	50,000	49,000
N.—Appropriations-in-Aid:		
Miscellaneous receipts in connection with Sub-head D.3	600	600
Sales of Buildings, Stores, Equipment, &c., Fines, &c., in connection with Sub-head D.5	10,000	3,400
Contribution from Palestine Revenues towards cost of Defence. See Sub-head E.1	30,000	31,000
	£40,600	35,000
The total receipts in connection with this Service are estimated as follows:—		
Appropriations-in-Aid above Extra Receipts payable to His Majesty's Exchequer (Cash) ...	40,600	35,000
Port of Basrah: Interest and Sinking Fund on account of assets taken over by the Port Authority ...	40,565	41,475
Kamaran Quarantine Station:—		
Repayment on account of advances... ...	900	750
Total Receipts	£82,065	77,225

II. DETAILS OF SERVICES.

1. Sub-head D. 3. High Commissioner, Salaries and Expenses.

Item.	*Numbers.* 1927-28	*Numbers.* 1928-29	*Service.*	*Provision.* 1927-28 Rs.	*Provision.* 1928-29 Rs.	*Difference.* + Rs.	*Difference.* − Rs.	*Expenditure to 30th September, 1927.* Rs.	*Explanation or Remarks.*
			VOTE I.—SALARIES.						
1	1	1	H.E. the High Commissioner ..	75,000	75,000	—	—	37,500	
2	—	—	,, ,, Entertainment Allowance	15,000	15,000	—	—	7,500	
3	1	1	Private Secretary	10,800	10,800	—	—	5,400	
4	1	1	Aide-de-Camp	9,600	9,600	—	—	4,728	
5	1	1	Counsellor	42,500	40,000	—	2,500	19,032	Higher rate of pay not approved
6	1	1	Financial Secretary ..	22,400	23,600	1,200	—	11,020	Normal Increment
7	1	1	Political Secretary ..	20,640	21,840	1,200	—	10,200	Normal Increment
8	1	1	Legal Secretary.. ..	18,050	19,050	1,000	—	6,800	Normal Increment
9	1	1	Oriental Secretary ..	16,300	17,500	1,200	—	6,600	Normal Increment
10	1	1	Consular Secretary ..	15,600	16,500	900	—	7,500	Normal Increment
11	1	1	Registrar	8,850	9,450	600	—	4,350	Normal Increment
12	—	—	Leave arrangements ..	—	10,000	10,000	—	—	To provide relief for Financial Secretary
			Total to Summary ..	2,54,740	2,68,340	16,100	2,500	1,20,630	

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
			British Clerks.						
13	1	1	Superintendent, Confidential Section	6,975	7,200	225	—	3,450	Normal increment.
14	—	—	Superintendent, Confidential Section—Charge Allowance..	600	600	—	—	300	
15	2	2	Cypher Clerks (1)	5,300	4,925	—	375	2,167	Change in incumbency.
			(2)	5,875	6,175	300	—	2,850	Normal increment.
16	1	1	Stenographer	6,250	6,550	300	—	3,100	Normal increment.
17	1	1	Confidential Clerk (Grade II) ..	3,410	2,880	—	530	2,664	Replacement by an Indian clerk-typist.
			Total to Summary ..	28,410	28,330	825	905	14,531	

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
			Office Establishment.						
18	1	1	Political Attaché	6,000	6,480	—	120	3,000	Fixed (consolidated) rate of pay.
			,, ,, Personal Allowance	600				300	
19	1	1	Head Translator	6,000	7,320	720	—	3,000	Fixed (consolidated) rate of pay.
			,, ,, Personal Allowance	600				300	
20	1	1	Superintendent	6,000	7,320	720	—	3,500	Fixed (consolidated) rate of pay.
			,, Personal Allowance	600				350	
			*Grade I Clerks—Rs.*315-15-405.						
21	1	1	Head Typist	3,300	4,095	795	—	1,650	
22	1	1	Consular Clerk	4,200	4,860	660	—	1,931	
23	1	1	Translator (1)	3,735	4,860	1,125	—	777	Change in incumbency.
24	1	1	Assistant Record Keeper ..	4,200	3,945	—	255	670	Change in incumbency.
25	1	1	Head Despatch Clerk	3,375	4,200	825	—	1,650	
			*Grade II Clerks—Rs.*240-15-300.						
26	1	1	Despatch Clerk	2,715	3,375	660	—	1,491	
27	3	2	Record Clerks (1)	2,245	—	—	2,245	1,658	Transferred to Item 35.
			(2)	2,925	2,880	—	45	1,324	Change in incumbency.
			(3)	2,580	3,420	840	—	1,290	
			Total to Summary ..	49,075	52,755	6,345	2,665	22,891	

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
28	1	1	Typist	2,760	—	—	2,760	2,146	Transferred to Item 36.
29	1	1	Stenographer	3,120	3,600	480	—	1,560	
30	1	1	Translator (2)	2,400	2,400	—	—	600	Post filled by a junior clerk.
31	1	1	Librarian and Draftsman ..	2,955	3,600	645	—	1,485	
32	1	1	Confidential Typist	2,400	3,600	1,200	—	1,242	Change in incumbency.
			*Grade III Clerks, Rs.*190-10-230						
33	1	1	Personal Clerk	2,020	—	—	2,020	—	Transferred to Item 35.
34	1	1	Despatch Clerk	2,280	2,740	460	—	999	Change in incumbency.
35	4	6	General Clerks (1)	2,280	2,760	480	—	1,140	
			(2)	2,140	2,760	620	—	983	
			(3)	2,280	2,430	150	—	1,140	
			(4)	2,280	2,760	480	—	1,254	
			(5)	—	2,280	2,280	—	—	Transferred from Item 27.
			(6)	—	2,750	2,750	—	1,005	Transferred from Item 33.
			Total to Summary ..	26,915	31,680	9,545	4,780	13,554	

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
36	4	5	Typists (1)	2,280	2,760	480	—	1,258	
			(2)	2,280	2,760	480	—	1,065	
			(3)	2,250	2,470	220	—	1,094	
			(4)	2,150	2,370	220	—	1,053	
			(5)	—	2,380	2,380	—	—	Transferred from Item 28.
			Grade IV Clerks, Rs. 140-10-180						
37	1	1	General Clerk	1,610	1,890	280	—	780	
			ACCOUNTS ESTABLISHMENT						
38	1	1	Accounts Officer	7,025	7,925	900	—	3,450	
39	1	1	Cashier (Grade I)	3,300	3,900	600	—	1,472	
40	1	1	Accounts Clerk (Grade I) ..	3,375	4,215	840	—	1,650	
41	1	1	Accounts Clerk (Grade III) ..	2,020	2,710	690	—	1,144	
42	1	1	Assistant Cashier (Grade III) ..	1,660	2,380	720	—	816	
			Total to Summary ..	27,950	35,760	7,810	—	13,782	

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
43	2	2	Daftries (Bookbinders) 1 at Rs.160* 2 at Rs. 60† Rs.220	1,800	2,640	840	—	910	*1. Fixed (consolidated) rate of pay. †2. See Item 3 of statement enclosed with High Commissioner's despatch No. 1183 dated the 26th of August, 1927.‡
44	1	1	Store-keeper	960	960	—	—	479	
45	15	15	Qawasses	7,860	7,710	—	150	3,893	Reduction in the pay of three Qawasses
46	1	1	Coffeeman	600	600	—	—	288	
47	2	2	Sweepers at Rs.45 each ..	1,200	1,080	—	120	270	Reduction in rate of pay.
48	1	1	Night-watchman	720	720	—	—	358	
			Office Transport Establishment.						
49	1	1	Car Driver	960	1,200	—	840	457	Posts amalgamated.
50	1	1	Launch Driver	1,080				540	
			Total to Summary ..	15,180	14,910	840	1,110	7,195	

‡ C. 40172/27 [No. 17]: not printed.

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
			Residency Establishment.						
51	1	1	Dragoman	5,400	5,400	—	—	2,700	
52	1	1	British Chauffeur	6,000	7,080	1,080	—	3,000	Revised rate of pay. See High Commissioner's despatch "Confidential A" of 8th July, 1927.*
53	1	1	Messenger	960	960	—	—	480	
54	2	2	Qawasses at Rs. 40 per mensem each	960	960	—	—	471	
55	3	3	Syces	1,620	1,620	—	—	810	
56	4	4	Gardeners	2,520	2,520	—	—	1,131	
57	1	1	Car and Launch Driver ..	1,440	1,440	—	—	720	
58	1	1	Launch Khalassi	720	720	—	—	324	
59	1	1	Khalassi	720	720	—	—	360	
60	4	4	Sweepers at Rs. 45 each ..	2,400	2,160	—	240	540	Reduction in rate of pay.
			Total to Summary ..	22,740	23,580	1,080	240	10,536	

* P.F. 28003 Middle East: not printed.

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
			VOTE II—ALLOWANCES AND SERVICES.						
61	Article	1	Ration Allowance	17,716.11	—	—	17,716.11	8,558	Abolition of all allowances consequent on introduction of revised rates of pay for Non-British Staff.
62	,,	2	Rent Allowance..	11,420.0	—	—	11,420.0	5,157	Do. do.
63	,,	3	Horse Allowance	1,800.0	1,800.0	—	—	900	
64	,,	4	Travelling and Tour Charges ..	4,500.0	4,000.0	—	500.0	1,698	
65	,,	5	Books, Printing and Stationery	7,000.0	7,000.0	—	—	4,242	
66	,,	6	Furniture and Equipment ..	1,000.0	1,000.0	—	—	695	
67	,,	7	Office Contingencies	1,460.0	961.11	—	498.5	416	
			Total to Summary ..	44,896.11	14,761.11	—	30,135.0	21,666	

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
68	Article	8	Rent of Telephones	6,500	6,200	—	300	3,170	
69	,,	9	Uniforms and Liveries	1,200	1,200	—	—	539	
70	,,	10	Postage and Telegrams.. ..	54,000	50,000	—	4,000	22,606	Reduction in the contribution payable for Reuter's Service.
71	,,	11	Sumptuary Allowance	1,500	1,500	—	—	750	
72	,,	12	Billet Rents	16,050	16,050	—	—	5,000	
73	,,	13	Secret Service	15,000	15,000	—	—	2,731	
74	,,	14	Mechanical Transport	12,000	10,000	—	2,000	5,375	Provision for 1927-28 allowed for the purchase of a new car for the use of the High Commissioner. Provision is being allowed for the purchase of a new van.
75	,,	15	Maintenance of Quarters ..	3,000	2,500	—	500	710	
76	,,	16	Maintenance of Residency ..	40,000	38,000	—	2,000	10,407	
77	,,	17	Furniture for Residency ..	3,600	3,000	—	600	2,223	Provision made for replacements only.
			Total to Summary ..	1,52,850	1,43,450	—	9,400	53,511	

Item.	Numbers. 1927-1928	Numbers. 1928-1929	Service.	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. — Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
78	Article	18	Cost of Passages	11,000	9,500	—	1,500	4,321	Reduction in cost of overland passages and less number of passages required for Non-British Staff.
79	,,	19	Pensionary Contributions to other Governments	10,000	12,500	2,500	—	4,714	Payment of contribution for Legal Secretary.
80	,,	20	Medical Attendance of High Commissioner's Staff.. ..	1,000	1,000	—	—	42	
81	,,	21	Presentation Articles	—	—	—	—	—	
82	,,	22	Provident Fund..	21,910	20,900	—	1,010	12,118	Includes provision for service gratuity to Residency Chauffeur.
83	,,	23	Service Gratuity Fund.. ..	—	9,200	9,200	—	—	Payment of service gratuity to Non-British Staff under revised conditions of service.
			Total to Summary ..	43,910	53,100	11,700	2,510	21,195	

SUMMARY.

	Provision. 1927-28 Rs.	Provision. 1928-29 Rs.	Difference. + Rs.	Difference. — Rs.	Expenditure to 30th September, 1927. Rs.
Sheet No. 1	2,54,740.0	2,68,340.0	16,100	2,500	1,20,630
,, 2	28,410.0	28,330.0	825	905	14,531
,, 3	49,075.0	52,755.0	6,345	2,665	22,891
,, 4	26,915.0	31,680.0	9,545	4,780	13,554
,, 5	27,950.0	35,760.0	7,810	—	13,782
,, 6	15,180.0	14,910.0	840	1,110	7,195
,, 7	22,740.0	23,580.0	1,080	240	10,536
,, 8	44,896.11	14,761.11	—	30,135	21,666
,, 9	1,52,850.0	1,43,450.0	—	9,400	53,511
,, 10	43,910.0	53,100.0	11,700	2,510	21,195
Total	6,66,666.11	6,66,666.11	54,245	54,245	2,99,491

@ 18d. = £50,000

Moiety payable by His Britannic Majesty's Government £25,000

Baghdad,
21st October, 1927.

F. E. STAFFORD,
Financial Secretary
to H.E. the High Commissioner for 'Iraq.

2. Sub-head D.5. 'Iraq Levies.

Item.	Numbers 1927-1928.	Numbers 1928-1929.	Service.	Provision. 1927-28. Rs.	Provision. 1928-29. Rs.	Difference. + Rs.	Difference. — Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
1	1	1	Colonel Commandant	18,666 0 0	18,533 14 2	—	132 1 10		
2	1	1	G.S.O.II	11,102 0 0	5,840 0 0	—	5,262 0 0		For 6 months only.
3	1	1	D.A.Q.M.G.	9,282 0 0	—	—	9,282 0 0		
4	1	1	D.A.A.G.	11,102 0 0	11,031 1 9	—	70 14 3		
5	2	2	Staff Captain	12,432 0 0	16,465 1 9	4,033 1 9	—		
6	1	—	Works Officer	4,208 10 8	—	—	4,208 10 8		
7	1	1	Ordnance Officer	10,573 5 4	10,503 14 2	—	69 7 2		
8	2	1	Paymaster	17,242 10 8	10,585 0 0	—	6,657 10 8		
9	1	1	O.C., Depot (Captain)	10,085 5 4	8,273 5 4	—	1,812 0 0		
10	1	—	O.C., Pack Battery	2,507 8 10	—	—	2,507 8 10		
11	5	3	Officers Commanding Units ..	65,309 1 9	32,783 12 4	—	32,525 5 5	3,43,617 1 0	1 for 6 months only.
12	13	10	Regimental Officers (Captains) ..	94,641 1 9	62,051 13 10	—	32,589 3 11		3 for 6 months only.
13	13	15	Regimental Officers (Subalterns) ..	77,146 10 8	81,864 13 11	—	62,983 9 2		4 for 6 months only.
14	12	—	Regimental Officers (Subalterns) ..	67,701 12 5					
15	1	—	Veterinary Officer	6 506 10 8	—	—	6,506 10 8		
16	1	1	Senior Medical Officer (Major) ..	9,821 0 0	13,748 5 4	3,927 5 4	—	(a)	For 3 months.
17	3	1	Medical Officers (Captain) ..	32,736 10 8	2,400 0 0	—	30,336 10 8		
18	—	2	Quartermasters	—	15,167 12 4	15,167 12 4	—		
19	5	3	Command Pay	9,722 10 8	5,596 10 8	—	4,126 0 0		
20	5	3	E.D. Pay Adjutants	4,983 5 4	2,920 0 0	—	2,063 5 4		
21	5	—	E.D. Pay Quartermasters.. ..	2,237 5 4	—	—	2,237 5 4		
22	11	7	Lodging Allowance British Officers ..	11,102 0 0	7,665 0 0	—	3,437 0 0		
23	11	7	Fuel and Light ,, ,, ,, ..	5,552 9 9	4,007 8 0	—	1,545 1 9		
24	7	3	Outfit ,, ,, ,, ..	1,866 10 8	266 10 8	—	1,600 0 0		
25	50	40	Ration .. ,, ,, ,, ..	20,820 2 8	15,230 4 4	—	5,589 14 4	(b) 41,074 8 0	20 per cent. Departmental Charges allowed for 10 per cent. ration drawn in kind; 1 for 3 months; 9 for 6 months.
26	50	30	Field .. ,, ,, ,, ..	29,746 0 0	19,315 0 0	—	10,431 0 0	(a)	Less 10 per cent. for leave details.
27	11	7	Furniture ,, ,, ,, ..	5,368 0 0	3,406 10 8	—	1,961 5 4		
28	47	30	Colonial ,, ,, ,, ..	1,23,968 0 0	59,130 0 0	—	64,838 0 0		
29	7	7	British W.O's Class I Tradesmen ..	24,644 0 0	26,894 0 0	2,250 0 0	—		1 for 6 months only.
30	1	—	,, ,, ,, I Non-Tradesmen	3,660 0 0	—	—	3,660 0 0		
30A	3	1	,, ,, ,, II Tradesmen ..	9,516 0 8	3,163 5 4	—	6,352 11 4		1 for 6 months only.
31	5	3	,, ,, ,, II Non-Tradesmen	11,858 0 0	6,695 5 4	—	5,162 10 8	(c)	1 for 6 months only.
31A	6	5	C.Q.M. Sergeants	13,881 0 0	11,501 0 0	—	2,380 0 0		
32	4	3	British Sergeants Tradesmen ..	9,760 0 0	7,300 0 0	—	2,460 0 0	76,102 8 0	
			Carried Forward	7,49,750 5 10	4,62,340 5 11	25,378 3 5	3,12,788 3 4	4,60,793 11 0	

Item.	Numbers. 1927-1928.	Numbers. 1928-1929.	Service.	Provision. 1927-28. Rs.	Provision. 1928-29. Rs.
			Brought Forward	7,49,750 5 10	4,62,340 5 11
32A	17	7	British Sergeants—Non-Tradesmen	29,776 0 0	12,656 0 0
33	13	11	Asst. Surgeons & Sub-Asst. Surgeons	63,150 0 0	51,750 0 0
34	41	26	Clothing Allowance—B.N.C.Os. ..	5,031 5 4	2,881 10 8
34A	39	22	Colonial Allowance ,, ..	41,711 0 0	19,053 0 0
35	7	6	Marriage ,, ,, ..	3,172 3 0	2,704 0 0
36	11	2	Field ,, ,, ..	1,291 5 4	243 5 4
37	40	26	Ration ,, ,, ..	17,323 13 4	10,518 12 0
37A	1	1	Senior Native Officer	3,600 0 0	3,600 0 0
38	5	3	Zabit, Class I	9,800 0 0	5,300 0 0
39	16	12	,, ,, II	30,975 0 0	18,550 0 0
40	64	49	,, ,, III	1,07,550 0 0	65,400 0 0
41	6	4	Native Warrant Officers, Class I ..	6,300 0 0	3,465 0 0
42	17	14	,, ,, ,, II ..	15,120 0 0	10,400 0 0
42A	5	3	,, R.Q.M. Sergeants	4,930 0 0	2,252 8 0
43	17	14	,, C.Q.M. ,, ...	15,840 0 0	10,400 0 0
44	135	101	,, Sergeants	1,04,070 0 0	62,080 0 0
45	249	237	Assyrian Corporals	1,76,040 0 0	1,22,162 8 0
45A	53	10	Other Native Corporals	26,500 0 0	5,760 0 0
46	92	88	Assyrian L/Corporals	53,400 0 0	38,647 8 0
46A	28	4	Other Native L/Corporals ..	9,800 0 0	1,680 0 0
47	2569	2141	Assyrian Privates	11,65,440 0 0	6,94,515 0 0
47A	363	132	Other Native Privates	1,08,900 0 0	46,170 0 0
48	45	52	Tradesmen's Extra Duty Pay ..	4,032 0 0	4,032 0 0
48A	—	972	Proficiency Pay	40,000 0 0	45,020 0 0
48B	—	203	Extra Duty Pay—Transport Personnel	—	4,872 0 0
49	5	3	Schoolmasters	3,480 0 0	2,160 0 0
50	5	4	Clerks Grade I	19,200 0 0	16,080 0 0
51	14	10	,, ,, II	38,465 0 0	29,120 0 0
52	41	34	,, ,, III	82,060 0 0	65,360 0 0
53	28	21	,, ,, IV	43,680 0 0	29,680 0 0
53A	1	1	Translator	2,280 0 0	2,280 0 0
54	37	23	Cooks	16,160 0 0	11,040 0 0
55	41	26	Sweepers	18,280 0 0	12,480 0 0
56	15	8	Punkah Boys	2,250 0 0	1,200 0 0
57	4	4	Lorry Drivers	4,800 0 0	5,880 0 0
58	8	9	Ford and Ambulance Drivers ..	9,600 0 0	10,800 0 0
58A	5	9	Tradesmen	7,080 0 0	12,960 0 0
				30,40,838 0 10	19,05,493 9 11

Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.		Explanation or Remarks.
25,378 3 5	3,12,788 3 4	4,60,793 11 0		
	17,120 0 0		(c)	1 for 6 months only.
—	11,400 0 0		(d)	1 S.A.S. for 6 months only.
—	2,149 10 8		(c)	22 for 1 year; 4 for 6 months.
—	22,658 0 0			10 per cent. deducted for leave details.
—	468 3 0			
—	1,048 0 0			
—	6,805 1 4		(b)	20 per cent. Departmental Charges allowed for 10 per cent. rations drawn in kind; 4 for 6 months only.
—	—			
—	4,500 0 0			1 for 2½ months only.
—	12,425 0 0			4 ,, ,,
—	42,150 0 0			16 ,, ,,
—	2,835 0 0			1 ,, ,,
—	4,720 0 0			4 ,, ,,
—	2,677 8 0			1 ,, ,,
—	5,440 0 0			4 ,, ,,
—	41,990 0 0			32 ,, ,,
—	53,877 8 0	9,61,517 9 0		79 ,, ,,
—	20,740 0 0			
—	14,752 8 0			27 ,, ,,
—	8,120 0 0			
—	4,70,925 0 0			717 ,, ,,
—	62,730 0 0			5 for 3 months only
—	—			
5,020 0 0	—			280 ,, 2½ ,,
4,872 0 0	—			
—	1,320 0 0			
—	3,120 0 0			
—	9,345 0 0			1 ,, 4 ,,
—	16,700 0 0		(d)	8 ,, ,,
—	14,000 0 0	1,70,351 0 0		5 ,, ,,
—	—			
—	5,120 0 0			
—	5,800 0 0			
—	1,050 0 0			
1,080 0 0	—			
1,200 0 0	—			Wheelwright, Saddler, Electrician, Armourer, Tailor, 2 Carpenters, 2 Fitter.
5,880 0 0	—			
43,430 3 5	11,78,774 10 4	15,92,662 4 0		

Item.	Numbers. 1927-1928.	Numbers. 1928-1929.	Service.	Provision. 1927-28. Rs.	Provision. 1928-29. Rs.	Difference. + Rs.	Difference. − Rs.	Expenditure to 30th September, 1927. Rs.	Explanation or Remarks.
			Brought Forward	30,40,838 0 10	19,05,493 9 11	43,430 3 5	11,78,774 10 4	15,92,662 4 0	
59	2	2	Tindal and Coolies	2,760 0 0	2,760 0 0	—	—	(d)	
60	88	51	Ration Allowance Clerks	42,465 0 0	30,890 0 0	—	11,575 0 0	(b)	1 for 2 months.
61	1	1	Indian Dresser	1,800 0 0	1,800 0 0	—	—	(d)	
61A	6	6	Washerwoman	3,240 0 0	3,240 0 0	—	—		
61B	12	7	E.D. Pay Veterinary Dressers ..	720 0 0	420 0 0	—	300 0 0	Veterinary	
62	—	—	Travelling Allowance	15,000 0 0	10,000 0 0	—	5,000 0 0	6,965 4 0	
63	—	—	Compensation	10,000 0 0	3,000 0 0	—	7,000 0 0	1,283 5 0	
63A	—	—	Service Gratuity (British Personnel)	—	15,000 0 0	15,000 0 0	—	—	
64	—	—	Re-engagement Bounties	40,000 0 0	25,000 0 0	—	15,000 0 0	14,893 5 0	
65	—	—	Stationery	10,000 0 0	6,000 0 0	—	4,000 0 0	3,707 15 0	
66	6	6	Followers, Medical	3,840 0 0	3,840 0 0	—	—	Medical	
67	—	—	Postage and Telegrams	10,000 0 0	4,000 0 0	—	6,000 0 0	684 8 0	
68	1	1	Table Allowance	2,440 0 0	2,433 5 4	—	6 10 8	(a)	
69	—	—	Pension Contributions	79,560 0 0	43,266 10 8	—	36,293 5 4	17,821 14 0	
70	—	—	Rations	8,69,910 0 0	4,52,536 0 0	—	4,17,374 0 0	3,58,952 3 0	
71	—	—	Medical Services	39,396 0 0	24,996 0 0	—	14,400 0 0	8,154 10 0	
72	—	—	Veterinary Services	14,381 4 0	8,289 0 0	—	6,092 4 0	6,701 9 0	
73	—	—	Rents	56,500 0 0	46,000 0 0	—	10,500 0 0	22,918 8 0	
74	—	—	Furniture	2,000 0 0	4,000 0 0	2,000 0 0	—	Equipment	
75	—	—	Training Grant	6,000 0 0	3,000 0 0	—	3,000 0 0	885 7 0	
76	—	—	Clothing and Necessaries (a) ..	64,200 0 0	25,000 0 0	—	—	4,456 10 0	Clothing.
			Clothing Allowance (b) ..		50,000 0 0	10,800 0 0	—	67,129 3 0	Clothing Allowance.
77	—	—	Arms and Ammunition	1,40,000 0 0	35,000 0 0	—	1,05,000 0 0	21,575 9 0	
78	—	—	Equipment and Saddlery	1,85,000 0 0	71,000 0 0	—	1,14,000 0 0	22,826 5 0	
79	—	—	Remounts	—	—	—	—	—	
80	—	—	Ocean Passages	40,000 0 0	25,000 0 0	—	15,000 0 0	22,869 9 0	
81	—	—	Mechanical Transport	45,000 0 0	45,000 0 0	—	—	30,924 0 0	
82	—	—	Transport General	70,000 0 0	45,000 0 0	—	25,000 0 0	32,142 14 0	
83	—	—	Fuel	75,000 0 0	42,000 0 0	—	33,000 0 0	11,753 6 0	
84	—	—	Works and Maintenance	73,090 0 0	61,000 0 0	—	12,090 0 0	41,741 9 0	
85	—	—	Contingencies, and Contingent Allowances	6,859 11 2	5,035 6 1	—	1,824 5 1	4,274 4 0	
			Total	49,50,000 0 0	30,00,000 0 0	71,230 3 5	20,21,230 3 5	22,95,324 1 0	

APPENDIX I.

Vote.	Head.	Estimate. Rs.	Explanation.	Rs.	Rs.
70	Rations	4,52,536 0 0	1922 natives x Rs.14/8 x 11 months	= 3,06,559	
			891 ,, x Rs.12/- x 1 ,,	= 10,692	
			558 animals x Rs.20/- x 12 ,,	= 1,33,920	
			91 ,, x Rs.15/- x 1 ,,	= 1,365	
73	Rents	46,000 0 0		Rs.	Rs.
			Rents—Sulaimani	5,000	
			Mosul	20,000	
			Diana and Amadia ..	150	
					25,150
74	Furniture	4,000 0 0	Increased provision due to establishment of British Sergeants' Messes during financial year 1927-28 and consequent anticipated increase in maintenance charges.		
76	(*a*) Clothing and necessaries ..	25,000 0 0	House allowances—		
			8 B.O.Rs. x Rs.45 x 12 months ..		
			13 Clerks x Rs.35 x 11 ,, ..	}	20,875
			42 Clerks x Rs.25 x 11 ,, ..		
	(*b*) Clothing allowance	50,000 0 0	Provision under (*b*) represents the amount which it is anticipated will accrue to N.O.Rs. in receipt of clothing allowance for up-keep, &c., of clothing and necessaries, &c. This service was not provided for separately in previous estimates.		
84	Works and maintenance	61,000 0 0		Rs.	
			Electricity and water ..	= 32,400	
			Maintenance electric and water fittings	= 3,600	
			Telephones	= 4,000	
			Maintenance existing buildings ..	= 21,000	

APPENDIX II.

Medical Services—Budget for 1928-1929.

		Rs.
1.	Medical Equipment	1,000
2.	Clothing and Necessaries	4,796
3.	Cleaning Material and Miscellaneous	100
4.	Drugs and Dressings, Surgical Instruments	3,000
5.	Medical Comforts and Diets	3,500
6.	General Equipment	1,500
7.	Treatment of Levy Personnel in Civil and R.A.F. Hospitals	4,000
8.	Sanitary Supplies	3,500
9.	Extra Duty Pay to Medical Orderlies	1,800
10.	Civil Surgeons' Allowances	1,800
	Total	Rs. 24,996

APPENDIX III.

Veterinary Services—Budget for 1928-1929.

		Rs.
1.	2 Veterinary Assistant Surgeons' Pay at Rs. 200/- p.m.	4,800
2.	,, ,, ,, Ration Allowance at Rs. 55/- p.m....	1,320
3.	,, ,, ,, House Allowance at Rs. 35/- p.m. ...	840
4.	,, ,, ,, Uniform Allowance at Rs. 16/2/- per quarter	129
5.	Veterinary Drugs and Dressings	1,200
	Total	Rs. 8,289

APPENDIX IV.

Budget Estimates—1928-1929.

Vote Head 75. *Training Grant.*

		Rs.
1.	Training Manuals and Printing	450
2.	Battalion and Company Marches	300
3.	Rifle Ranges (New Ranges and Upkeep of old Ranges)	600
4.	Purchase of Material for Construction of Targets	600
5.	Bayonet Assault Courses (New Courses and Upkeep of old Courses) ...	300
6.	8,000 Decimal Targets for 30x Range 16,000 1st Class Figure Targets 500/30 yards 8,000 No. 22 Large Targets 500/30 yards }	170
7.	350 Rolls of Target Paper...	210
8.	Recreational Training	250
9.	Miscellaneous Requirements	120
	Total	Rs. 3,000

APPENDIX V.

Pension Contribution—1928-1929.

		£
1.	22 Officers at £100	2,200
2.	1 Medical Officer at £109	109
3.	2 Quartermasters at £128	256
4	2 Warrant Officers, Class I, at £70	140
5.	15 British Other Ranks at £36	540
	Total	£3,245
	= Rs.	43,266 10 8

TABLE I.

Revised Establishment of the 'Iraq Levies—British Personnel.

Unit.	*Officers.*											*B.W. and N.C.O's.*					*Remarks.*
	Colonel Commandant.	*D.A.A.G.*	*Staff Captains.*	*Ordnance Officer.*	*Paymaster.*	*Medical Officer.*	*Lieutenant Colonels.*	*Captains.*	*Lieutenants.*	*Quartermasters.*	*Total.*	*W.O's. Class I.*	*Company Sgt. Majors.*	*Company Quarter-master Sgts.*	*Sergeants.*	*Total.*	
Headquarters	1	1	2	—	—	1	—	—	—	—	5	2	*1	—	—	3	* Actually holding personal appointment of Regimental Sergeant Major.
Pay Office				—	1	—	—	—	—	—	1	1	1	—	—	2	
Ordnance Department.. ..				1	—	—	—	—	—	—	1	2	—	—	2	4	
1st Battalion							1	3	4	1	9	—	1	1	1	3	
2nd Battalion							1	3	4	1	9	—	1	1	1	3	
Levy Depot								1	2	—	3	—	—	1	2	3	
Transport Company									1	—	1	—	—	—	1	1	
Machine Gun Company ..									1	—	1	—	—	1	2	3	
Total for Force ..	1	1	2	1	1	1	2	7	12	2	30	5	4	4	9	22	

From AIR HEADQUARTERS, 'IRAQ COMMAND, BAGHDAD, to THE SECRETARY TO H.E. THE HIGH COMMISSIONER FOR 'IRAQ, BAGHDAD.

Date, 23rd December, 1927. Reference: S/10143.

Reference your memorandum No. G.O. 857, dated the 12th of September, 1927.

The situation with regard to the rates of pay and allowances issued to British Officers, Warrant and Non-Commissioned Officers serving with the Levy Force, compared with those issues to personnel of corresponding ranks serving with British Units in 'Iraq, remains unchanged from that notified under my No. A/753 of the 29th October, 1926, addressed to your Secretariat.

WILLIAM O'BRIEN,
Captain,
D.A.A. & Q.M.G.
for Wing-Commander, "P" Staff,
Air Headquarters, 'Iraq Command.

TABLE II.

Revised Establishment of the 'Iraq Levies.

Unit.	*Native Officers.*				*Native Other Ranks.*								*Native. Clerical. Animal.* *Clerical Establishment.*					*Animals.*		
	Class I.	*Class II.*	*Class III.*	*Total.*	*W. O's. Class I.*	*W. O's. Class II.*	*Company Quartermaster Sergeants.*	*Sergeants.*	*Corporals.*	*Lance Corporals.*	*Privates.*	*Total Other Ranks.*	*Grade I.*	*Grade II.*	*Grade III.*	*Grade IV.*	*Total.*	*Horses.*	*Mules.*	*Total.*
1st Battalion	1	4	16	21	1	5	4	25	70	24	608	737	—	1	4	4	9	11	83	94
2nd Battalion	1	4	16	21	1	5	4	25	70	24	608	737	—	1	4	4	9	11	83	94
Levy Depot	—	—	—	—	—	1	1	7	10	11	118	148	—	1	—	3	4	5	10	15
Station Hospitals	—	—	—	—	1	—	—	4	4	—	27	36	—	—	—	—	—	3	21	24
Transport Company	—	—	1	1	—	—	1	4	8	4	113	130	—	—	1	—	1	2	173	175
Machine Gun Company	—	—	—	—	—	1	—	4	6	2	77	90	—	—	1	1	2	4	44	48
Total for Force	2	8	33	43	3	12	10	69	168	65	1,551	1,878	—	3	10	12	25	36	414	450
Levy Headquarters ..													1	2	9	2	14	6	—	6
Ordnance Depot ..													1	1	3	1	6	—	—	—
Pay Office													2	3	4	1	10	—	—	—
Total for Force ..													4	9	26	16	55	42	414	456
Wireless Sets																	—	44	44	
Force Reserve																	11	47	58	
Total for Force ..																	53	505	558	

(1) In addition to the Native officers shown above there is a Senior Native officer in the staff of Levy Headquarters.

3. Sub-head E. 2. Trans-Jordan Frontier Force.

Details of Expenditure.		*Approved Estimates 1927 (1st April to 31st Dec.)* £P.	*Estimates 1928 (1st January to 31st December)* £P.	*Increase.* £P.	*Decrease.* £P.	*Remarks.*
XXI. *Trans-Jordan Frontier Force.*						
A.—Personal Emoluments.—British Ranks.						
1. Lieutenant Colonel at £P.1,150 p.a. ..		884	1,150	266	—	
2. Duty Allowance at £P.100 p.a... ..		77	100	23	—	
3. Major (Second-in-Command) at £P.900 p.a.		692	900	208	—	
4. Duty Allowance at £P.50 p.a.		39	50	11	—	
5. Adjutant	£P.600—50—700	462	638	176	—	
6. Duty Allowance at £P.50 p.a.		39	50	11	—	
7. 4 Majors (Company Commanders) ..	£P.700—50—800	2,154	2,927	773	—	
8. Duty Allowance at £P.50 p.a.		154	200	46	—	
9. Captain (Senior Medical Officer) ..	£P.600—50—700	462	612	150	—	
10. Duty Allowance at £P.50 p.a.		39	50	11	—	
11. Captain (Senior Veterinary Officer) ..	£P.600—50—700	462	627	165	—	
12. Duty Allowance at £P.50 p.a.		39	50	11	—	
13. 4 Captains (Second-in-Command of Companies)	£P.600—50—700	1,846	2,511	665	—	
14. Hotchkiss Gun Officer..	£E.450—50—550	347	—	—	—	14. Decrease of one. See Item 15.
15. Duty Allowance at £E.50 p.a.		39	—	—	39	
26. Hotchkiss Gun Officer..	£P.600—50—700	—	600	253	—	16. Increase of one. See Item 14.
27. Signalling Officer	£P.450—50—550	347	488	141	—	
28. Duty Allowance at £P.50 p.a.		39	50	11	—	
29. Quartermaster	£P.450—50—550	347	488	141	—	
20. Duty Allowance at £P.50 p.a.		39	50	11	—	
21. Paymaster	£P.450—50—550	347	477	130	—	
22. Duty Allowance at £P.50 p.a.		39	50	11	—	
23. Compensatory Allowances		—	329	329	—	23. See Appendix C.
24. 13 Warrant Officers	£E.290—10—340	2,997	3,605	608	—	24. Two appointments to be abolished at 31st March, 1928.
25. Expatriation Allowances at £E.50 p.a. ..		501	578	77	—	
36. 1 Farrier Sergeant	£E.240—10—280	193	—	—	—	
37. 2 Farrier Sergeants	£E.240—10—280	—	506	313	—	27. Increase of one.
28. Expatriation Allowances at £E.50 p.a. ..		39	103	64	—	
29. 1 Medical Sergeant	£E.240—10—280	193	265	72	—	
30. Expatriation Allowance at £E.50 p.a. ..		39	52	13	—	
31. 1 Saddler Sergeant	£E.240—10—280	185	247	62	—	
32. Expatriation Allowance at £E.50 p.a. ..		39	52	13	—	
33. 1 Clerk, Grade II	£E.240—10—280	193	265	72	—	
34. Expatriation Allowance at £E. 50 p.a. ..		39	52	13	—	
Carried Forward		13,311	18,122	4,850	39	

	Details of Expenditure.		*Approved Estimates* 1927 (*1st April to 31st Dec.*) £P.	*Estimates* 1928 (*1st January to 31st December.*) £P.	*Increase.* £P.	*Decrease.* £P.	*Remarks.*
	Brought forward		13,311	18,122	4,850	39	
	Local Ranks.						
35.	19 Local Officers:— 1 Class I £P.300—20—400 6 Class II at £E.264 p.a. 12 Class III at £E.216 p.a.		3,458	4,619	1,161	—	
36.	2 Medical Officers	..£P.400—25—500	635	855	220	—	
37.	2 Veterinary Officers	..£P.300—20—400	477	—	—	—	
38.	Veterinary Officer	..£P.300—20—400	—	327	—	150	38. One appointment to be abolished in 1928.
39.	22 Sergeants at £E.10 p.m. ..	.. .. ..	2,030	2,708	678	—	
40.	30 Corporals at £E.8 p.m. ..	.. .. ..	2,215	2,954	739	—	
41.	675 Privates at £E.6 p.m. ..	.. .. ..	37,384	46,154	8,770	—	41. Fifty appointments to be abolished in 1928.
42.	Proficiency Pay	.. .. ..	2,307	3,460	1,153	—	42. Payable under revised regulations.
43.	Good Conduct Pay	.. .. ..	384	—	—	384	43. Abolished. See Item 42.
44.	Artificers' Pay	.. .. ..	308	—	—	308	44. Abolished. See Item 45.
45.	Tradesmen's Pay	.. .. ..	—	585	585	—	45. Payable under revised regulations.
46.	1 Clerk, Grade II	..£E.240—10—280	193	265	72	—	
47.	2 Clerks, Grade III	..£E.192— 6—240	304	416	112	—	
48.	14 Sanitary Men at £E.4,500 p.m.	.. .. ..	581	776	195	—	
49.	2 Mechanics at £E.12 p.m. ..	.. .. ..	—	296	296	—	49. For the maintenance of Water and Electric Light Plant at Zerka and Ma'an.
50.	2 Electricians at £E.12 p.m. ..	.. .. ..	—	296	296	—	50. Ditto.
	Total Personal Emoluments.	.. ..	63,587	81,833	19,127	881	
	B. Other Charges.						
51.	Pension Contributions and Gratuities ..	.. ..	770	1,500	730	—	51. Increase required for anticipated payments of gratuities to non-regular Officers on termination of contract.
52.	Cost-of-Living Allowances ..	.. .. ..	1,286	1,800	514	—	
53.	Officers' Outfit Allowances ..	.. .. ..	42	60	18	—	
54.	Animal Allowances	.. .. ..	3,539	3,700	161	—	54. Payable under regulations.
55.	Transport and Travelling ..	.. .. ..	3,590	2,600	—	990	55. Sufficient.
56.	Railway Fares and Freight ..	.. .. ..	5,642	5,000	—	642	56. Ditto.
57.	Passages	.. .. ..	102	200	98	—	57. Required in 1928.
58.	Maintenance of Mechanical Transport	.. .. ..	922	1,300	378	—	58. For maintenance of four vehicles.
	Carried forward		15,893	16,160	1,899	1,632	

	Details of Expenditure.		*Approved Estimates* 1927 (*1st April to 31st Dec.*) £P.	*Estimates* 1928 (*1st January to 31st December.*) £P.	*Increase.* £P.	*Decrease.* £P.	*Remarks.*
		Brought forward	15,893	16,160	1,899	1,632	
59.	Arms, Equipment, Uniforms and Clothing ..	.. ..	8,308	9,300	992	—	
60.	Ammunition	.. ..	3,590	3,600	10	—	
61.	Harness and Saddlery	.. ..	1,641	1,650	9	—	
62.	Horse Shoes and Stable Requisites	.. ..	2,050	2,000	—	50	
63.	Forage	.. ..	21,152	23,600	2,448	—	63. Based on current rates
64.	Camp Equipment	.. ..	385	500	115	—	
65.	Fuel and Light	.. ..	1,025	2,100	1,075	—	65. Includes provision for maintenance of Electric Light at Zerka and Ma'an.
66.	Furniture and Barrack Stores ..	.. ..	615	1,000	385	—	66. Required for replacements.
67.	Stationery and Printing	.. ..	195	250	55	—	
68.	Miscellaneous Stores	.. ..	575	600	25	—	
69.	Maintenance of Signalling and Wireless Apparatus ..	.. ..	944	750	—	194	69. Sufficient.
70.	Medical Services	.. ..	718	1,000	282	—	
71.	Veterinary Services	.. ..	75	150	75	—	71. Necessary.
72.	Rent of Camps, Quarters and Training Area ..	.. ..	510	120	—	390	
73.	Current Repairs and Maintenance of Buildings and Camps ..		1,671	3,100	1,429	—	73. Includes provision for maintenance of wooden hutting and lining of hutting at Zerka, repairs to floors of stables and for maintenance of Samakh Camp and Ma'an Barracks.
74.	Water Supply and Conservancy ..	.. .. ..	2,050	1,550	—	500	74. Sufficient.
75.	Compensation for Loss of Animals	.. .. ..	770	1,000	230	—	75. Payable under regulations.
76.	Crown Agents' Expenses	.. .. ..	257	250	—	7	
77.	Typewriters	.. .. ..	129	70	—	59	77. To replace unserviceable typewriters taken over from Palestine Gendarmerie.
78.	Telegrams, Telephones and Postage	.. .. ..	231	250	19	—	
79.	Contingencies	.. .. ..	77	100	23	—	
	Special Expenditure.						
80.	Miscellaneous Stores	.. .. ..	1,077	770	—	307	80. Includes provision for 150 fire extinguishers for new camps.
81.	Pack Animals	.. .. ..	206	206	—	—	
82.	Tents	.. .. ..	3,180	—	—	3,180	82. Not required in 1928.
83.	Mechanical Transport	.. .. ..	206	—	—	206	83. do.
84.	Construction and Maintenance of Rifle Ranges ..	.. ..	1,026	—	—	1,026	84. do.
85.	Construction of Jumping Courses and Riding Schools	.. ..	206	—	—	206	85. do.
86.	Wireless and Signalling Apparatus ..	.. ..	359	—	—	359	86. do.
	Total Other Charges ..		69,121	70,076	9,071	8,116	
	Total Trans-Jordan Frontier Force ..		132,708	151,909	28,198	8,997	Net increase £P.19,201.

Details of Expenditure	*Original Estimate.*	*Expenditure to 30th September, 1927.*	*Estimated total Expenditure to 31st Dec., 1927.*	*Estimates 1928 (1st January to 31st December.)*	*Remarks.*
XXXI. *Trans-Jordan Frontier Force. Extraordinary.*	£P.	£P.	£P.	£P.	
1. Accommodation for Third Company, Zerka	11,300	—	—	11,300	
2. Wire Fencing, Men's Accommodation, Zerka	400	—	—	400	
3. Roads in Camp, Zerka	2,500	—	—	2,500	
4. Hospital Accommodation, Zerka	600	—	—	600	
Total Trans-Jordan Frontier Force Extraordinary ..	14,800	—	—	14,800	Increase £P.14,800.

4. **Sub-head E.3. Trans-Jordan Administration.**

ABSTRACT SHOWING THE ACTUAL REVENUE FOR THE YEAR 1926-27, AND THE ESTIMATED REVENUE FOR THE YEAR 1927-28 AND 1928-29.

	Heads of Revenue.	*Actual Revenue 1926-27.*	*Estimated Revenue 1927-28.*	*Revised Estimated Revenue 1927-28.*	*Estimated Revenue 1928-29.*	*Increase.*	*Decrease.*
(1)	Customs and Excise	54,123	61,066	64,041	66,486	2,445	
(2)	Licences, Taxes, &c.	138,691	136,308	136,821	135,850		971
(3)	Fees of Court or Office, &c.	19,557	21,149	21,785	23,620	1,835	
(4)	Posts, Telegraphs and Telephones	4,563	7,415	7,610	7,500		110
(5)	Revenue from Government Property	4,026	5,538	5,538	5,500		38
(6)	Interest	1,412	1,538	1,026	760		266
(7)	Miscellaneous	852	513	513	700	187	
(8)	Sale of State Domains	13,297	308	513	500		13
	Total Ordinary Revenue	236,521	233,835	237,847	240,916	4,467	1,398
(9)	Reimbursement—Trans-Jordan Frontier Force			37,934	27,784		10,150
(10)	Grant-in-Aid from His Majesty's Government	66,000	68,000	63,817	40,000		23,817
	TOTAL	302,521	301,835	339,598	308,700	4,467	35,365

ABSTRACT SHOWING ACTUAL EXPENDITURE FOR THE YEAR 1926-27, AND THE ESTIMATED EXPENDITURE FOR 1927-28 AND 1928-29.

	Heads of Expenditure.	Actual Expenditure 1926-27.	Estimated Expenditure 1927-28.	Revised Estimated Expenditure 1927-28.	Estimated Expenditure 1928-29.	Increase.	Decrease.
(1)	Civil List	16,636	16,636	16,636	16,266		370
(2)	Public Debt Charge				550	550	
(3)	Legislature		2,167	1,678	1,631		47
(4)	Pensions and Gratuities	3,794	1,949	2,564	3,000	436	
(5)	Chief Minister and Interior	6,900	5,095	5,297	5,423	126	
(6)	District Administration	7,477	7,453	7,460	7,654	194	
(7)	Legal Department	14,348	16,320	16,197	16,956	759	
(8)	Sharia Courts	3,017	3,682	3,467	3,554	87	
(9)	Ministry of Finance	14,738	19,724	18,423	17,369		1,054
(9A)	ditto Extraordinary			666			666
(10)	Customs and Excise	3,722	5,884	6,109	6,632	523	
(11)	Public Health Department	8,957	10,387	10,667	11,640	973	
(11A)	Ma'an Quarantine	469	769	595	233		362
(12)	Department of Education	18,304	22,173	21,422	22,582	1,160	
(13)	Agriculture, Forests and Veterinary	3,608	5,816	5,593	6,855	1,262	
(14)	Department of Antiquities	392	2,161	2,193	2,132		61
(15)	Land Registry Department	2,017	3,706	3,474	3,545	71	
(16)	Public Works Department	3,993	3,904	3,902	4,760	858	
(16A)	ditto Recurrent	16,972	16,205	15,949	20,580	4,631	
(17)	Government Printing Press	803					
(18)	Posts, Telegraphs and Telephones	7,490	10,886	10,790	10,721		69
(19)	Land Survey and Valuation	581	2,000	3,690	6,539	2,849	
(20)	Police and Prisons—						3,918
	"A" Police		94,941	91,930	88,012	206	
	"B" Prisons	106,087	12,194	12,194	12,400		
(21)	Miscellaneous	6,179	7,772	9,618	11,203	1,585	
(22)	British Resident	9,520	7,169	7,300	7,073		227
(23)	Department of Colonial Audit		2,000		2,194	2,194	
(24)	Trans-Jordan Frontier Force			29,480	25,318		4,162
	Total Ordinary	256,004	280,993	307,294	314,822	18,464	10,936
(25)	Antiquities Extraordinary	4,446	3,928	3,928	3,802		126
(26)	Trans-Jordan Frontier Force Extraordinary			8,444	2,466		5,978
(27)	British Resident Extraordinary	213	5,938	10,379	1,000		9,379
(28)	Public Works Extraordinary	12,532	9,949	10,575	7,810		2,765
(29)	Posts, Telegraphs and Telephones Extraordinary	1,052	1,128	4,718	800		3,918
	Total Extraordinary	18,243	20,943	38,044	15,878		22,166
	TOTAL EXPENDITURE	274,247	301,936	345,338	330,700	18,464	33,102

5. Sub-head F.2 Aden.

(*For details, see Middle East No.* 22.)

III.

CORRESPONDENCE.

		Nos.
'Iraq		1-2
Sub-head D.2.	Boundary Commission	3
Sub-head D.3.	High Commissioner, Salaries and Expenses	4-8
Sub-head D.5.	'Iraq Levies	9-13
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'Iraq.

C. 58140/28 [No. 4].

No. 1.

TREASURY to COLONIAL OFFICE.

(S/17977/06.)

Treasury Chambers, 7th February, 1928.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir John Shuckburgh's letter of the 9th November, 1927,* relative to the expenditure to be incurred in 'Iraq in 1928 and subsequent years.

In reply I am to request you to inform the Secretary of State that My Lords concur generally in the proposals put forward in the sixth paragraph of the Air Ministry's letter of the 2nd November, 1927,† subject to the modification proposed in the fourth paragraph of the letter under reply with the following minor qualification.

They think it inadvisable to attempt to lay down at the moment the source from which the sum required for the Native Levies Disability Compensation, the British Officials Compensation, and the Boundary Commission, should be found within the £620,000 and £500,000 totals, and would prefer that the matter should be discussed between the Departments on the annual review of the Estimates. The essence of the scheme is to allow a measure of freedom as to the application of the money available as the situation develops.

They accordingly sanction the proposal whereby the amount to be provided in the Estimate for Colonial and Middle Eastern Services in respect of 'Iraq, exclusive of appropriations-in-aid, does not exceed £620,000 in 1928 and £500,000 in the immediately succeeding years. Their Lordships trust, however, that the situation will continue to improve, and that it will permit of a further reduction in due course. They would propose to review the position again in any case not later than 1931.

Air Votes will bear the gross cost of the Royal Air Force units, and will show as an appropriation-in-aid from the Vote for Colonial Services the extra cost involved in stationing the Royal Air Force in 'Iraq.

The position is therefore as follows:—

Sub-head A—Defence.—The cost of the Royal Air Force and Indian troops in 1927 is estimated to be £2,219,000, including £250,000 as the extra cost of the Royal Air Force and £210,000 as the cost of the Indian troops. In 1928, the extra cost of the Royal Air Force to be borne by the Vote for Colonial Services will be £220,000. The cost of the Indian troops, who are to be sent back to India during the year, is estimated to be £75,000.

Sub-head B—Boundary Commission.—£3,000 is to be provided in 1928.

Sub-head C—Contribution in Respect of High Commissioner—Salaries and Expenses.—The amount to be provided in 1928 is £25,000, but My Lords will wish to examine the details as in previous years.

* C. 40607/27 [No. 4]: not printed.

† C. 40607/27 [No. 2]: not printed.

Sub-head D—'Iraq Army—Grant-in-Aid.—In 1925 His Majesty's Government agreed to grant a subsidy of Rupees 48 lakhs spread over a period of three years, and under this arrangement a small final payment of Rupees 1½ lakhs would have been made in 1928. This subsidy was promised at a time when it appeared that the financial position of 'Iraq would not permit of sufficient expenditure to enable a small but efficient army to be maintained. Subsequent events have, however, shown that as far as the financial position is concerned, this subsidy was not justified.

As the result of semi-official discussions last June, My Lords were prepared, however, to sanction a further and final subsidy of Rupees 10 lakhs (£75,000) upon the understanding *inter alia* that the 'Iraq Levies, estimated to cost £378,400 in 1927, ceased to be a charge upon Imperial Funds after the 31st March, 1928. It has, however, been represented to Them that it would be unwise to allow the 'Iraq Levies to be transferred to the 'Iraq Army on 31st March next, and that the attachment of British officers to the 'Iraq Army is essential to the security of His Majesty's Forces in 'Iraq but cannot be secured without the continuance of a subsidy to the 'Iraq Army. In these circumstances, and within the total of £620,000, They agree to a grant-in-aid to the 'Iraq Army not exceeding 9 lakhs (£67,500) in respect of the year 1928. The question of the amount, if any, to be provided in subsequent years within the total Rs. 29½ lakhs (£221,250), as compared with the estimate of £378,400 in 1927.

Sub-head E—'Iraq Levies.—The amount to be provided in 1928 will be Rs. 29½ lakhs (£221,250), as compared with the estimate of £378,400 in 1927.

Sub-head F—'Iraq Levies—Disability Compensation.—The amount to be provided will be £625.

Sub-head G—British Officials' Compensation.—Subject to examination of details, the amount to be provided is £2,000.

A statement is enclosed summarising these arrangements.

I am, &c.,
R. V. NIND HOPKINS.

Enclosure in No. 1.

	1927. *Provision in Vote for Middle Eastern Services.*	1927. *Figures comparable with* 1928.	1928. *Colonial Services.*
Defence ...	2,219,000	250,000* / 210,000†	220,000* / 75,000†
Boundary Commission ...	3,000	3,000	3,000
High Commission	25,000	25,000	25,000
'Iraq Army Subsidy ...	135,000‡	135,000‡	73,125§
'Iraq Levies ...	378,400	378,400	221,250‖
,, Compensation ...	600	600	625
British Officials Compensation	2,000	2,000	2,000
	2,763,000	1,004,000	620,000

*"Extra cost" of Royal Air Force.
† Indian Troops.
‡ Rs. 18 lakhs.
§ Represents Rs. 9¾ lakhs, *i.e.*, Rs. 1½ lakhs as the final balance of the grants to a total of Rs. 48 lakhs promised for 1925, 1926, and 1927, plus 11/12ths of a grant for 1928 at the rate of Rs. 9 lakhs a year.
‖ Represents Rs. 29½ lakhs.

C. 58140/28 [No. 5].

No. 2.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential (E).)

SIR, Downing Street, 16th February, 1928.

I HAVE the honour to refer to previous correspondence on the subject of expenditure to be incurred in 'Iraq in 1928 and in subsequent years, and to enclose, for your information, the accompanying copy of a letter* from the Treasury conveying Their Lordships approval of the proposals made to Them in this connection subject to the modifications indicated.

2. You will observe from the statement enclosed with the Treasury letter that a sum of £221,250 has been allocated to the cost of the 'Iraq Levies in 1928. The details of the draft estimate of expenditure in respect of the Levies for 1928 are still under consideration, but as the total of that estimate, viz., Rs. 30,00,000 or £225,000 at 1s. 6d. to the Rupee, exceeds the sum allocated by £3,750, it will be necessary, in any case, to effect savings to that extent on the draft Estimate. A further communication in regard to the detailed Levy estimate will be addressed to you in due course.

3. I have also to inform you that Their Lordships have reduced the provision of £2,000 on account of British Officials' Compensation to £1,000 and increased the provision of £75,000 for Indian troops to £76,000.

I have, &c.,
L. S. AMERY.

Sub-head D.2. Boundary Commission.

C. 40598/27 [No. 5].

No. 3.

COLONIAL OFFICE to TREASURY.

SIR, Downing Street, 14th November, 1927.

I AM directed to address you with regard to the sum of £3,000 which is being provisionally included in the amount inserted under the Sub-head for Boundary Commissions in the draft Estimate of the Vote for Colonial Services as a re-vote in respect of His Majesty's Government's share of the cost of the 'Iraq-Syrian Boundary Delimitation Commission.

2. As Their Lordships are aware, the above sum was provided for this service in the Vote for Middle Eastern Services, 1927, in anticipation of the work being undertaken this winter. The Commission has not yet been appointed, and pending the completion of the proposed preliminary discussions on the subject of the 'Iraq-Syrian frontier to which the French Government are being pressed to agree, it is not possible to state definitely whether the work can be commenced this winter or whether a postponement till next winter will be necessary.

3. The sum of £3,000 is therefore being provisionally included for this service in the draft Estimate for 1928, and I am to ask that Their Lordships may be pleased to approve this provision on the understanding that it will be reviewed should the Commission be constituted and get to work this winter.

I am, &c.,
J. E. SHUCKBURGH.

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* No. 1.

Sub-head D.3. High Commissioner, Salaries and Expenses.

C. 40599/27 [No. 1].

No. 4.

'IRAQ.

THE ACTING HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received from Air Ministry, 11.20 a.m., 20th October, 1927.)

TELEGRAM.

No. 502. 19TH OCTOBER. Your telegram No. 358 of 10th October.* Following are estimates of expenditure for 1928-29:—(*a*) High Commission moiety of £25,000; (*b*) Levies £251,250 or Rupees 33½ lakhs; disability compensation for British Officers and men £1,000; (*c*) Boundary Commission. Can give no estimate until allocation of cost is decided; (*d*) British Officials' compensation, £2,000.

Detailed estimates for (*a*) leave by this Air Mail and for (*b*) by following mail.

C. 40599/27 [No. 2].

No. 5.

'IRAQ.

THE ACTING HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 31st October, 1927.)

[*Answered by No.* 8.]

(No. 1478.)

SIR, The Residency, Baghdad, 22nd October, 1927.

I HAVE the honour to refer to my telegram No. 502 dated the 19th of October, 1927,† regarding the budget estimates of the High Commission for the financial year 1928-29.

2. I forward herewith the estimates of the High Commission, in which the expenditure for the coming year is estimated at Rs. 6,66,667 or £50,000 (at 1s. 6d. to the rupee). The moiety payable by His Britannic Majesty's Government is, therefore, Rs. 3,33,333 8 0 or £25,000. This is the same amount as has been provided in the Estimates of the Middle Eastern Services for the current financial year, after a small reduction had been effected by the Treasury in the original estimates.

3. Provision has been made for employment of officers, clerks, office and Residency establishment at the scale now in force, and I am not in a position at present to recommend that any reduction should be effected. The cost of maintaining the necessary services for the Residency and Secretariat has now become practically stable, and the amount estimated is sufficient to meet normal expenditure only. Should opportunity present itself in the present or the coming year for reduction in the cost of the services included in the estimates, or of the staff maintained, full advantage will be taken of it.

4. The rates of pay allowed for the non-British establishment of the High Commission are based on the proposals for revision now before you as the result of the introduction of revised conditions of service applicable to Indian personnel employed by the 'Iraq Government. I have not yet received your approval to them, but I am assuming that they will be in force before the new financial year begins.

5. Marginal notes are made regarding the minor differences between these estimates and those for the current year, and there are no items which call for special comment.

I have, &c.,
E. L. ELLINGTON,
Acting High Commissioner for 'Iraq.

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* C. 49159/27 [No. 6]: not printed. † No. 4.

C. 40599/27 [No. 4].

No. 6.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 7.]

SIR, Downing Street, 15th December, 1927.

I AM directed to refer to the letter from this Department of the 7th of November,* numbered as above, and to request you to lay before the Lords Commissioners of the Treasury, the following observations on the draft estimate of expenditure on the establishment of the High Commissioner for 'Iraq for the financial year 1928, a copy of which was enclosed with the above letter.

2. The total expenditure is estimated at Rs. 6,66,667, or £50,000 converted at the rate of 1s. 6d. to the Rupee. On the basis of this estimate the sterling equivalent of the moiety payable by His Majesty's Government, viz., £25,000, is the same as that provided for this service under Sub-head C in the current year's Vote for Middle Eastern Services. In this connection reference is invited to Sir Edward Ellington's remarks in paragraph 3 of his despatch,† with which the Secretary of State is in general agreement.

3. The details of the estimate have been examined in this Department, and the rates of pay provided for the various officials have been checked as far as possible and found to be correct. In the case of the non-British clerical staff of the Secretariat, the provision made for pay, service gratuity, &c., is based on the proposed revised conditions of service, including consolidated rates of pay, which were put forward in Sir Henry Dobbs' despatch No. 818 of the 17th of June.‡ A copy of that despatch was enclosed with the letter from this Department of the 3rd of November,§ in which Their Lordships' concurrence was sought to the application of the revised conditions of service.

4. I am to offer the following comments on the individual items specified below:—

Item 12.—The sum of Rs. 10,000 is included under this item to provide for a temporary relief for Mr. F. E. Stafford, Financial Secretary to the High Commissioner, to enable him to take leave of absence from his duties in 'Iraq during 1928, local arrangements being impracticable. It is proposed that Mr. J. G. O'Keeffe, C.B.E., who has already served in 'Iraq temporarily as Auditor of the Civil Deficit as at 31st March, 1921, should proceed to 'Iraq to relieve Mr. Stafford, and the above sum should suffice to meet the expenditure involved by this proposal, which was put forward in the letter from this Department of the 16th of November.‖

Item 52.—The provision inserted under this item is calculated in accordance with the proposed revised rates of pay for the Chauffeur-Mechanic to the High Commissioner, for which Their Lordships' concurrence was sought in a letter from this Department dated 9th of December.¶

Items 61 *and* 62.—No provision is made under these items in view of the proposed introduction of consolidated rates of pay for the non-British clerical staff of the Secretariat.

Item 70.—The reduction of Rs. 4,000 is due to the decision of the 'Iraq Government to reduce the terminal charges hitherto raised by that Government in respect of Reuter's News Messages.

5. I am to request that Their Lordships may be moved to approve the draft estimate providing a total expenditure of Rs. 6,66,667, or £50,000 converted at the rate of 1s. 6d. to the Rupee, a moiety of which (£25,000) has been inserted under Sub-head E.1 of the draft Estimate of the Colonial Services Vote, 1928.

I am, &c.,
J. E. SHUCKBURGH.

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* C. 40599/27 [No. 3]: not printed. † No. 5. ‡ C. 40315/27 [No. 9]: not printed.
§ C. 40315/27 [No. 12]: not printed. ‖ P.F. 19771 Middle East: not printed. ¶ P.F. 28003 Middle East: not printed.

C. 58234/28 [No. 1].

No. 7.

TREASURY to COLONIAL OFFICE.

(E. 7586/3.)

Treasury Chambers, 9th February, 1928.

SIR,

IN reply to Sir J. Shuckburgh's letter of the 15th December last* relative to the cost of the establishment of the High Commissioner for 'Iraq during 1928, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that They sanction the provision of the sum of £25,000 as a contribution in respect of the High Commissioner's establishment in the Colonial Services Estimate for 1928.

A separate letter will be addressed to you in reply to the letter from your Department of the 9th December last† regarding the conditions of service of Mr. T. E. Laver, Chauffeur-Mechanic to the High Commissioner.

I am, &c.,
R. R. SCOTT.

C. 58234/28 [No. 2].

No. 8.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(No. 212.)

Downing Street, 15th March, 1928.

SIR,

I HAVE the honour to acknowledge the receipt of Sir E. L. Ellington's despatch, No. 1478, of the 22nd October last‡ forwarding the detailed estimates of the amount required for the salaries and incidental expenses of the High Commissioner and his personal and political staff for the financial year, 1928, and, in reply, to inform you that, with the concurrence of the Lords Commissioners of the Treasury, I approve the detailed estimate as submitted. The sum of £25,000 as representing the moiety of the expenses estimated to be payable by His Majesty's Government has accordingly been inserted in the Estimate of the Vote for Colonial and Middle Eastern Services, 1928.

2. The question of the revised rate of pay for the British Chauffeur-Mechanic attached to the Residency, for which a provision of Rs. 7,080 has been included under Item 52 of the draft estimates, is still under consideration and a further communication will be addressed to you as soon as possible.

3. I take this opportunity to inform you that the Lords Commissioners of the Treasury usually require the submission of estimates not later than the 1*st November* in each year, and I shall be glad if in future years you will arrange for detailed estimates for the High Commission and 'Iraq Levies to be forwarded if possible to reach me by that date. In any case approximate figures of the amounts likely to be required for those and any other services connected with 'Iraq should be furnished to reach me by telegram not later than the 25*th October* in each year.

I have, &c.,
L. S. AMERY.

Sub-head D.5. 'Iraq Levies.

C. 40600/27 [No. 6].

No. 9.

'IRAQ.

THE ACTING HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 8.15 p.m., 17th November, 1927.)

TELEGRAM.

No. 557. 17TH NOVEMBER. My telegram No. 502 of 19th October.§ Revised estimates 'Iraq Levies for 1928-1929, £226,875, or rupees 30¼ lakhs. Details are still under examination and will be forwarded as soon as possible.

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* No. 6. † P.F. 28003 Middle East: not printed. ‡ No. 5.
§ C. 40600/27 [No. 1]: not printed.

C. 58114/28 [No. 1].

No. 10.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 7th January, 1928.)

[*Answered by No.* 13.]

(No. 1796.)

The Residency, Baghdad, 24th December, 1927.

SIR,

I HAVE the honour to refer to my telegram No. 557 dated the 17th of November, 1927,* regarding the preparation of estimates for expenditure upon the 'Iraq Levies for the financial year commencing 1st April, 1928.

2. I enclose four copies of the draft estimates for the 'Iraq Levies as finally completed in the approved form. Provision is made for a total gross expenditure during the coming financial year of Rs. 30,00,000, or £225,000 at the prevailing rate of exchange. This represents a reduction of £153,400 in the amount provided for this service in the Middle East Estimates for the current financial year.

3. This reduction is a result of the fact that provision has only been inserted for the whole year for the undernamed units:—

2 Assyrian Battalions,
Headquarters and 2 Sections of a Machine Gun Company,
Transport Company,
1 Pack Ambulance,
Depot,

and the requisite medical, veterinary, and administrative establishments. To bring the Force down to this establishment necessitates disbanding one of the three Battalions now on the establishment and cutting out three Sections of the Machine Gun Company. Action to give effect to this will be taken during the current financial year according to a programme now under discussion.

4. These alterations in the composition of the Force have made it necessary to revise the authorised establishments of the units and departments, and new tables have been drawn up. I attach a statement† showing, by ranks, the establishment of each unit, and of the whole force, which will become operative when the detritus of the forthcoming disbandments is cleared away. Particulars of the more important alterations are given in the following paragraphs of this despatch It has also been found advisable to overhaul the animal establishment, as the maintenance of remounts and reserve horses was very materially affected by the disappearance of the last remaining Cavalry Regiment. A copy of the revised animal establishment is contained in the establishment tables. These tables show that the ultimate re-organised Force will carry a strength of—

30 British Officers.
22 British Warrant and Non-Commissioned Officers.
44 Native Officers.
1,878 Native other ranks.
53 Horses.
505 Mules.

5. It is inevitable that a proportion of the terminal charges in respect of the British and Assyrian personnel who will be discharged or otherwise dispensed with as surplus will be thrown against these estimates, and provision for such charges has accordingly been made in them. On the assumption that the units destined for disbandment will continue to be effective formations until the 1st of March, 1928, allowance has been made for six months' pay for the British and two and a-half months' pay for the native personnel who are to be dispensed with being carried forward into the accounts of the new financial year. Experience has shown that these are fair average figures of terminal charges in respect of earned leave and compensatory leave, and I anticipate that the amount which is now asked for on this account will cover the liabilities which will fall upon Levy funds next year, taking into consideration the fact that, if the present arrangements are confirmed, one month's full pay in respect of the personnel to be disbanded will be paid during the current year.

6. The rate of conversion which has been used throughout the estimates is one shilling and sixpence to the rupee.

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* No. 9. † *See* Section II, 2.

7. With the shrinking of the Levies to the formation described in paragraph 3 above, the following further reductions will be made in the Headquarters' staff, and the estimates reflect the financial effect of them :—

(i) It is proposed to eliminate the post of General Staff Officer II with effect from the end of the current financial year. The duties carried out by the officer now holding the appointment will be absorbed into those of the Deputy Assistant Adjutant General, which post it is desired to retain throughout the whole financial year. The Deputy Assistant Adjutant General will then be the Senior Staff Officer, and the only one on the higher rate of staff pay. Provision is inserted for the staff pay of the General Staff Officer II to be drawn by the present incumbent for a period of six months whilst he is on leave prior to reversion

(ii) The post of Deputy Assistant Quartermaster General ceased to exist after the 31st of October, 1927, according to the programme on which the estimates for the current year were framed, and has been replaced by the post of Staff Captain for " Q " duties. The latter post will be retained for the whole year, as will also that of the second Staff Captain for general duties.

(iii) The effect of the above is to reduce the general staff maintained at Levy Headquarters to administer the force in its attenuated form to the following :—

Colonel Commandant.
Deputy Assistant Adjutant General.
Staff Captain " Q."
Staff Captain " G."

This cadre would appear prima facie open to the criticism of extravagance, when it is remembered that the fighting formations for which it is responsible are no more than two battalions of infantry and a small machine-gun unit, and the proposals have been exhaustively examined from that aspect on more than one occasion. I am, however, satisfied that, whilst the existing method of administration of the 'Iraq Levies as a separate entity of irregular troops continues, the Officer Commanding, Levies, cannot perform his functions with a smaller staff. However much the strength of the Force may contract the responsibilities of the staff and the ground area to be covered and guarded suffer little diminution. These responsibilities are, of course, much in excess of those of any formation of equal strength which is organised and administered as part of the regular Imperial Forces. It may well be that the strength of the Force is being so reduced that administration on the existing lines ceases to be economical, and the overhead expenses become disproportionate and top heavy. The possibility of an alternative scheme of control is now being examined separately, but I consider that further reduction cannot be supported as far as the 1928-29 estimates are concerned.

8. A further reduction is made in the British Medical Officers, as was foreshadowed in Sir Edward Ellington's telegram No. 498 dated the 18th of October, 1927,* when he asked that the appointment of a successor to Major F. R. Shaw, M.C., Royal Army Medical Corps, should be held over. It is now proposed to have only one British Medical Officer on the Levy establishment, who will hold the appointment of Senior Medical Officer in the rank of Major. It will, however, be necessary to grant an allowance to the 'Iraq Government Civil Surgeon at Mosul throughout the financial year on account of this reduction. The Medical Officer will require to visit the outlying units and detachments frequently, and during his absence the services of the British Civil Surgeon will be in continual demand. In addition, the existence of the Levy Hospital at Mosul, the necessity for the attendance of more than one British Medical Officer on Medical Boards, and the numerous occasions on which professional consultation will be necessary, will mean that the services of the Civil Medical Officer will constantly be invoked even when the Senior Medical Officer is available. An allowance of Rs. 150/- per mensem has in fact been granted to the Civil Surgeon, Mosul, since the 12th of August, 1927, when the British Medical Officer staff of the Levies was reduced to one officer, as Sir Edward Ellington reported in his despatch No. 1526 dated the 5th of November, 1927.† I have, therefore, agreed to the insertion of provision for payment of this allowance under the Medical sub-head, Item 71, at the rate of Rs. 150/- per mensem for the whole year.

9. It will be seen that separate provision has also been made for the pay of a Medical Officer in the rank of Captain for three months. This is inserted because it is anticipated that the officer now holding the appointment of Senior Medical Officer will relinquish his duties as such towards the close of the financial year under consideration. It will be necessary for a replacement for him to arrive in 'Iraq before

* C. 40486/27 [No. 7] : not printed. † C. 40172/27 [No. 21] : not printed.

he hands over his duties, and the amount which comprises Article 17 is asked for to allow of this being done.

10. Further reductions are contemplated in the Levy Depot. The Officer Commanding will hold the rank of Captain, and not of Major. This reduction will take effect from the date on which Captain (local Major) F. Robinson, D.S.O., the present holder of this post, who is reverting to military duty, ceases to be borne on the effective strength of the Force. The native Regimental Sergeant-Major and Regimental Quartermaster Sergeant will be replaced by a Company Sergeant-Major and Company Quartermaster Sergeant respectively and a reduction of one Sergeant and five Privates of the Remount staff has been made in the native establishment. You will recollect that, as I reported to you separately at the time, the Levy Depot was extensively re-organised in July last, and large reductions and economies were effected. The reorganisation was thorough, and I am unable to recommend any further modifications in the establishment of the Depot. There will be no Levy Battalion in Mosul next year, and there are numerous garrison, headquarters and guard duties to be performed by the general duty men of the Depot, which I do not think can reasonably be carried out by a smaller number of men.

11. After careful thought I have decided to resuscitate the proposal to give a British Quartermaster to each unit in addition to the present cadre, which was approved but subsequently abandoned because of the uncertainty as to the future of the 'Iraq Levies. Sanction for the increase of the British Officer establishment of each battalion by one Officer to carry out the duties of Quartermaster was obtained from the Lords Commissioners of the Treasury and communicated to me in your despatch No. 871 dated the 1st of September, 1926.* Their recruitment was suspended for the reason given above, and your authority for this was contained in your despatch No. 1010 dated the 14th of October, 1926,† but I presume that the sanction for their appointment has not been withdrawn and therefore still exists. I now recommend that, as there is a reasonable expectation that the two remaining battalions will be retained for a considerable time. the appointments should become effective from 1st April, 1928. I will address you separately regarding the appointment of suitable Officers in due course. The reasons for the appointment are as strong as they were when the need for them was brought to your notice originally, and are re-inforced by the report on the recent audit of Levy store accounts by Mr. Ives. Provision has been inserted accordingly.

12. I have given consideration to the status of the Paymaster and the Ordnance Officer in a force of the size now contemplated, in which their respective responsibilities will be materially lessened. At present they both hold the rank of Major, and I am not convinced that their labours will be sufficiently relieved by the reductions in strength to warrant their being reduced to a lower rank, or put upon a lower scale of pay, particularly in view of their valuable service for several years. I have therefore agreed to allowance being made in the estimates for pay for these two posts at their present rates, but I intend to re-open the question in the early part of the coming year. It should then be possible to gauge the extent to which their work and status have been affected by the reductions in the Force.

13. The number of British Officers per battalion remains unchanged, with the addition of the Quartermaster, and the total number of British Officers allowed for the full year is, therefore, thirty, as shown in the revised establishment table accompanying the estimates.

14. The number of British Warrant and Non-Commissioned Officers to be retained for the full year is reduced to twenty-two, which is a reduction of sixteen in the number provided in the estimates of the current year. In addition to the automatic reductions caused by disbandments the staff at the Levy Ordnance Depot is being reduced by one Warrant Officer and one Sergeant. Particulars of the establishment are given in the accompanying tables. I have provisionally concurred in the revised establishment, but I have reserved the proposals for inquiry subsequently when the actual requirements of the re-organised force can more clearly be visualised after the disbandments have been effected. For the present, however, I request that the provision asked for in the estimates may be allowed to stand.

15. Separate provision has now been made for expenditure on account of the service gratuity which has been sanctioned for payment to British Officers, Warrant and Non-Commissioned Officers, who are not regular soldiers, on the termination of their service with the Levies.

* C. 16288/26 : not printed. † C. 18345/26 : not printed.

16. The cadre of Assistant and Sub-Assistant Surgeons of the Force is being further reduced in both the Medical and Veterinary services. On the Medical side a reduction of two is being made in the present establishment. The withdrawal of all British Medical Officers but one, and the fact that detachments will in all probability still have to be maintained in outstations which, although reduced in strength, will require the medical care of an Assistant or Sub-Assistant Surgeon, appear to prohibit a further cutting down of the Medical service. The present establishment of three Veterinary Assistant Surgeons is being reduced to two, one for Mosul and one for Sulaimani. There is no Veterinary Officer with the Levies, and a further reduction cannot be made, two Assistants being the irreducible minimum for the proper care of the 558 animals on the strength of the Force.

17. With regard to the clerical establishment, the estimates contain provision for fifty-five clerks of various grades, Indian and local, for the whole year, and expiring charges for four months for fourteen whose services will be dispensed with. The number to be dispensed with represents the reduction caused by the disappearance of the battalion, in addition to which four clerks are being removed from the Headquarters cadre and three from the Pay Office cadre. The number of fifty-five, of which details are given in the establishment tables, is possibly capable of further reduction, and I have reserved this for further consideration when the re-examination of certain Levy establishments, to which I have previously alluded, is undertaken.

18. There is nothing particular to remark with regard to the provision made for Native Officers and other ranks. The establishments of the units, except for the Machine Gun Company which has been very much reduced, have undergone practically no change, and details can be ascertained from the establishment table attached.

19. Item 48B "Extra Duty Pay—Transport Personnel"—is a new item in the estimates. It is an innovation, and, therefore, needs full justification, but I am of opinion that the grant of a little extra pay to men employed on transport duties is a measure which should really have been taken earlier. The peculiarly arduous nature of the duties and the hardships that devolve upon the personnel of the transport company and the regimental transport, has often been represented by Commanding Officers. Provision is inserted for extra duty pay at the rate of Rs. 2/- per mensem to take effect from the 1st of April, 1928. This figure of Rs. 2/- per mensem has been chosen because it makes the total pay of a private employed on transport duties up to Rs. 27/- per mensem, which is the authorised rate of pay for men employed on transport duties in the 'Iraq Army, where the principle of paying transport men extra has already been accepted. I quote the Officer Commanding, Levies, in support of the application, which was originally made for payment of extra duty pay of Rs. 5/- per mensem to transport personnel:—

> "The duties of these personnel are far harder and more strenuous than those performed by men in the companies. The transport personnel never get a holiday in the week, as their animals have to be fed, groomed, and exercised, whereas the rest of the Battalion get a holiday on Thursday and, of course, Sundays. The transport personnel are continually on escorts in all weathers, whereas only a very small escort of duty men accompany them. Transport work is a most unpopular branch though a most essential one of the work in a Battalion, and this is borne out by the fact that no transport men ever re-engage, and hence units are invariably changing their men on transport duty, which does not lead to efficiency in animal management. Again, these transport men wear out their clothes far more quickly than men in a Company owing to the constant trekking. At the Commanding Officers' Conference held at Levy Headquarters on the 17th October, 1927, all Commanding Officers strongly emphasised the necessity of popularising transport work, and considered that in fairness to the men and the extra work they perform they should receive extra duty pay of Rs. 5/- per mensem while employed on transport duties."

I am personally aware of the representations in this regard made by officers conversant with the conditions of transport work, and I am satisfied that this small reward for additional work is well merited. In addition to this, I propose to meet the claim made on behalf of the men concerned to the effect that they wear out their clothes more rapidly than the fighting men, by causing a special inquiry to be made into the amount of clothing allowance issued to, and the amount expended on clothing by, the transport personnel of each unit. If the assertions are well founded, it may be necessary to recommend an increase in the clothing allowance, but I see no reason to interfere with the existing provision in the estimates in order to cover this contingency.

20. Followers, such as cooks and sweepers, and other miscellaneous personnel employed are allowed for on the existing scale, and reductions have been made where they can be effected. There are, however, the following increases apparent over the last year's estimates:—

(*a*) One Ford Ambulance driver at Rs 100/- per mensem. This has been found necessary for the vehicle maintained at Sulaimani, which had previously been in charge of a soldier-driver. On the latter's discharge the Officer Commanding, Levies, was unable to obtain the services of another qualified soldier for employment in that capacity, and the engagement of a civilian driver was therefore authorised with effect from the 1st of November, 1927. Your covering sanction to this appointment will be sought in the usual way.

(*b*) Additional posts of—

(i) Assistant Armourer,
(ii) Tailor,
(iii) Fitters (2),

have been included in the cadre of civilian tradesmen authorised for the Ordnance Depot. The Assistant Armourer has been employed as a temporary measure by special periodical sanction since the 17th of June, 1926, as has been reported to you in the various applications made from time to time for covering sanction to temporary appointments. It is apparent that his services cannot be dispensed with for some time yet, as heavy work is thrown upon the British Armourer Warrant Officer in dealing with arms returned to Ordnance on the closing down of units. It seems wiser, therefore, to recognise him, at any rate for the present, as a member of the permanent establishment, and to provide for him accordingly. The employment of the Tailor has been authorised in similar circumstances to those of the Assistant Armourer from the 1st of December, 1925, and it seems desirable in his case also to consider a Tailor as part of the authorised staff of the Ordnance Depot. The engagement of two Fitters for mechanical transport duties was authorised in Mr. Ormsby Gore's despatch No. 785, dated the 24th August, 1927.* It does not seem possible to dispense with any of the above tradesmen whilst the Ordnance Depot fulfils its present functions.

21. I can see no need to make any special remarks regarding the Supply subheads of the estimates. With few exceptions, they all show a substantial decrease, and details of their composition are given in the appendices. The amount asked for for men and animal rations is calculated at a rate per ration which exceeds the actual cost per ration under the present contract, but this is a necessary precaution as the present ration rates are below the average. The estimate is based on a figure slightly less than the average cost of a ration during the preceding three years. The stocks of material now in the Ordnance Depot will be replenished by material thrown up by the disbanded units, and this knowledge has been taken into account in making provision for arms, ammunition, clothing, equipment and necessaries, and has permitted the money asked for to meet requirements in this respect to be reduced to the low amounts included in the estimates. No provision has been made for expenditure on the purchase of animals, as the requisite reserve, now much reduced, is being formed from those which become surplus to establishment on account of disbandments. No new construction has been allowed for in the Works and Buildings estimate, which is devoted entirely to maintenance of existing structures and the cost of certain services of which particulars are given in the appendix.

22. It should be explained that the same amount is asked for for next year for expenditure upon Mechnical Transport as was allowed in the current year's estimates. The reason for this is that it has been found that the expenditure for the current year on this service was largely underestimated. The same amount should, however, suffice for the coming year.

23. The requisite certificate from the Air Officer Commanding that the rates of pay and allowances issued to British Officers, British Warrant and Non-Commissioned Officers serving with the 'Iraq Levies are on the same scale as those issued to personnel of corresponding ranks serving with the British Army in 'Iraq is appended to the estimates.†

24. I regret the delay which has occurred in presenting these estimates. It has been due to the fact that it was impossible to draw up any considered scheme for the Levies for the coming year until indications were received of the trend of future policy with regard to them. It was also necessary to revise extensively and in detail the original proposals put forward by the Officer Commanding, Levies, in order to reduce the cost of the Force to a figure approximating to the amount which semi-

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* C. 40172/27 [No. 16]: not printed.

† *See* Section II, 2.

official communications gave reason to believe would be available. The Air Officer Commanding has been fully consulted with regard to the proposals in this despatch and the figures in the estimates and has concurred in them.

I have, &c.,
H. DOBBS,
High Commissioner for 'Iraq.

C. 58114/28 [No. 4].

No. 11.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 12.]

SIR, Downing Street, 15th February, 1928.

I AM directed by Mr. Secretary Amery to refer to Colonial Office letter of the 10th January, 1928,* numbered as above, forwarding a copy of despatch No. 1796 dated 24th December, 1927,† from the High Commissioner for 'Iraq, and to transmit to you, for the consideration of the Lords Commissioners of the Treasury, the following observations on the estimate of expenditure on the maintenance of the 'Iraq Levies, for which service the sum of £250,000 was provisionally included under Sub-head E.3 of the draft Estimate of the Vote for Colonial Services for 1928, which was transmitted to the Treasury under cover of Colonial Office letter dated 14th November, 1927.‡

2. Their Lordships will note that the revised estimate of the cost of the Levies is £225,000, and the considerable saving which has been effected in the provision for this service is mainly attributable to further reductions in the Force, the effective establishment of which as from the 1st March next will comprise—

2 Assyrian Battalions,
Headquarters and 2 Sections of a Machine Gun Company,
Transport Company,
1 Pack Ambulance,
Depot,

and the requisite Medical, Veterinary and Administrative Departments. A detailed copy of the revised establishment which will become operative when the proposed re-organisation of the Force has been completed, was forwarded with the enclosures to the letter from the Colonial Office of the 10th January, to which reference is made above.

3. In addition to the normal provision for the establishment as revised, provision has also been included in the draft estimates for the terminal charges arising in respect of pay and allowances admissible in respect of leave, &c., due to the personnel at present serving with the Units which are to be disbanded. Such provision has been based in the case of the British personnel on six months' pay and for the native personnel on two and a-half months' pay, and the Secretary of State, after full consideration of all the factors arising in connection with the disbandment of the Units in question, is satisfied that the additional provision is not unreasonable and is likely to be required in full.

4. I am to state that the Secretary of State agrees generally with the remarks of the High Commissioner contained in paragraphs 7, 10, 12, 14, 16, and 17 of his despatch of the 24th December, 1927, and, while he will continue to press the High Commissioner to effect any further reductions which may be possible in the staff engaged in administrative and other duties during the financial year 1928, he does not consider it possible, at the moment, to suggest any further modifications in that staff, and will await the result of the various investigations which are to be made locally as soon as the full effect of the forthcoming reduction of the Force has been effected.

5. I am now to invite the attention of Their Lordships to paragraphs 8 and 9 of the High Commissioner's despatch, in which reference is made to the question of the retention of one British Medical Officer only, who will hold the appointment of Senior Medical Officer. Their Lordships will observe that provision is included for the pay of a Medical Officer in the rank of Captain to meet the overlapping charges

* C. 58114/28 [No. 3]: not printed. † No. 10. ‡ C. 1041/27 A/cs.: not printed.

arising in connection with a Medical Officer to be appointed prior to the departure from 'Iraq of, and as successor to, the present Senior Medical Officer on completion of his present tour of duty. The Secretary of State is of the opinion that, in the circumstances, the provision is reasonable. With regard to the grant of an allowance of Rs. 150/- per mensem to the 'Iraq Government Civil Surgeon at Mosul throughout the financial year, I am to invite attention to Sir Russell Scott's letter of the 6th January, 1928, No. E.16894.* The Secretary of State is satisfied that the expenditure to be incurred in connection with the retention of the services of this officer is justified in the circumstances.

6. With reference to the separate provision which has now been made for expenditure on account of the service gratuity sanctioned for payment to British Officers who are not regular soldiers, and to which attention is called in paragraph 15 of the High Commissioner's despatch, I am to invite reference to Treasury letter No. 3275/03 of the 22nd November, 1926.†

7. Reference is also invited to correspondence ending with the letter from this Department of the 25th July, 1927,‡ and Mr. Meiklejohn's letter of 16th August, 1927, No. S.3275/02/2,§ on the subject of the various posts, hitherto considered to be of a temporary nature, in the Levy Ordnance Depot, to which reference is made in paragraph 20 of Sir H. Dobbs' despatch. In view of the circumstances to which attention is now called, the Secretary of State concurs in the suggestion to include these appointments on the recognised establishment of the Force.

8. A further communication will be addressed to Their Lordships on the subject of the employment of a Ford Ambulance driver at Sulaimania at the rate of Rs. 100/- per mensem with effect from the 1st November, 1927, on receipt of the despatch promised by Sir H. Dobbs.

9. I am to invite Their Lordships' attention to the suggestion made by Sir H. Dobbs in paragraph 19 of his despatch with regard to the payment of extra duty pay to certain native personnel employed on transport duties. In view of the arduous nature of the duties and the hardships that devolve upon the personnel concerned, the Secretary of State concurs in the views expressed by the Colonel Commandant of the Levies and the High Commissioner that some additional remuneration is called for, and I am to request that Their Lordships may be moved to give Their sanction to the proposal to grant additional pay at the rate of Rs. 2/- per mensem to the personnel in question with effect from the 1st April, 1928.

10. With regard to the proposal in paragraph 11 to increase the British Officer establishment of the two Battalions which are to be retained after the end of the current financial year, I am to invite Their Lordships' reference to the correspondence on this subject in 1926 (Sir G. Barstow's letter of 28th January, 1926, No. S.28150‖). The appointment of the British Quartermasters, for which provision was made in the revised Levy Estimates for the year 1926-27, and for which sanction was given in Treasury letter referred to, was not proceeded with, in view of the possible retrenchment of the Force and the consequent uneconomic expenditure involved. Their Lordships will be aware from the report of the recent audit on the Levy Stores Accounts that many of the difficulties with which the Unit Commanders are confronted arise more particularly through the lack of officers possessing a knowledge of stores accounting and vocabulary nomenclature, and I am to state that, subject to Their Lordships' approval, the Secretary of State proposes to inform Sir H. Dobbs that he concurs in the suggestion to allot a British Quartermaster to each Unit in addition to the present cadre.

11. The estimate for the gross total expenditure of Rs. 30 lakhs, which has been prepared on the basis of the standard exchange value of the rupee, includes certain sums in respect of pay and allowances of British personnel which are normally issuable in sterling. In view of the recent stabilisation of the rupee exchange value for transactions between the Government of the United Kingdom and the Government of India at one shilling and sixpence, it is not anticipated that any variation of the sterling provision is likely to be required to meet such payments as are due to be made in local currency.

12. I am to state that the Secretary of State, after semi-official communication with your Department, is prepared to reduce the expenditure proposed to Rs. 29½ lakhs, and he therefore trusts that Their Lordships will agree to the sum of £221,250 being provided in the Vote for Colonial Services for 1928 in place of the sum of

* C. 58137/28 [No. 1]: not printed. † C. 21602/26: not printed.
‡ C. 40172/27 [No. 14]: not printed. § C. 40172/27 [No. 15]: not printed.
‖ C. 2341/26: not printed.

£250,000 inserted in the draft estimate, thus showing a reduction of £157,150 on the provision made for this Force in the current financial year.

I am, &c.,
J. E. SHUCKBURGH.

C. 58114/28 [No. 5].

No. 12.

TREASURY to COLONIAL OFFICE.

(S. 32652.)

Treasury Chambers, 13th March, 1928.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury your letter of the 10th January* together with Sir John Shuckburgh's letter of the 15th February† relative to the estimated expenditure in 1928 on the maintenance of the 'Iraq Levies, and I am to request you to convey to Mr. Secretary Amery the following reply:—

My Lords understand that the actual expenditure in 1927 will prove to be substantially below the estimate of £378,400, owing to reductions of the Force in progress, and They are glad to learn that the revised establishment permits a further reduction of the estimated expenditure in 1928, including certain non-recurrent terminal charges, to £221,250 (Rs. 29½ lakhs).

My Lords are pleased to approve the minor increases in establishment as proposed in the letter under reply including the appointment of British Quartermasters, which had been deferred. They also approve the continuance of the allowance to the 'Iraq Government Civil Surgeon at Mosul and the grant of duty pay to transport personnel.

I am to convey Their Lordships' sanction accordingly to the establishment proposed at an estimated cost of £221,250. They note that the administrative staff will be reviewed in the course of the year in the light of experience of the full effect of the reduction of the Force.

I am, &c.,
R. V. NIND HOPKINS.

C. 58114/28 [No. 6].

No. 13.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(No. 231.)

Downing Street, 22nd March, 1928.

SIR,

I HAVE the honour to refer to your despatch No. 1796 of the 24th of December‡ forwarding copies of an estimate of the expenditure to be incurred on the maintenance of the 'Iraq Levies in 1928-29 at a total of Rs. 30,00,000 or £225,000 at the prevailing rate of exchange, and to transmit to you, for your information, the accompanying copies of correspondence§ with the Treasury on the subject.

2. You will observe that Their Lordships have given Their sanction to the establishment proposed, at an estimated cost of £221,250, the sum which has been provided for this service in the Vote for Colonial and Middle Eastern Services, 1928. You have already been informed that the sum allocated to the cost of the Levies in 1928 is £221,250, and I shall be glad to be furnished with your proposals for effecting the reduction involved, viz., £3,750 in the total of the estimate forwarded with your despatch.

3. With regard to the two appointments of British Quartermasters which have been approved by Their Lordships, I would invite reference to my despatch No. 871 of the 1st September, 1926,‖ in which approval was given for the appointment of Captain W. E. Parnell, Regular Army Reserve of Officers, to one of the six posts of this description which were created in 1926. Captain Parnell's appointment was not proceeded with in view of the recommendation in your despatch No. 1197 of the 16th September, 1926,¶ that these six posts should be left unfilled. If the present proposal to revive two of the posts will not be affected by your proposals for effecting the necessary reduction of £3,750 in the total of the estimate, I shall be prepared

* C. 58114/28 [No. 3]: not printed. † No. 11.
‡ No. 10. § Nos. 11 and 12. ‖ C. 16288/26: not printed. ¶ C. 18345/26: not printed.

to approve the appointment of Captain Parnell to one of the vacancies if he is still desirous of, and is recommended as suitable for, the appointment. I shall be glad if you will inform me whether there are any other non-regular British officers at present serving with the Levies who are recommended as suitable for and would be prepared to take the other appointment. In this connection, I would mention that Lieutenant A. A. Alsop, lately Assistant Paymaster, 'Iraq Levies, has asked that his name may be considered in connection with these vacancies, and you will doubtless bear his request in mind when submitting your recommendations.

4. I note from paragraph 14 of your despatch that, whilst you have provisionally concurred in the revised establishment of the Force, you have reserved the proposals for enquiry subsequently when the actual requirements of the reorganised Force can more clearly be visualised after the impending disbandments have been effected. I shall be glad to be informed in due course of the result of this enquiry.

I have, &c.,
L. S. AMERY.

Sub-head D.6. 'Iraq Levies— Disability Compensation.

C. 40600/27 [No. 2].

No. 14.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 1.45 p.m., 25th October, 1927.)

TELEGRAM.

[*Answered by No.* 15.]

No. 378. YOUR telegram No. 502 of 19th October, Estimates.* Disability compensation, Levies. Provision of £600 will meet cases of Minet, Griffith, Drake, and Wise, and leave margin of £158 for contingencies. Are there any other cases to account for your estimate of £1,000?—AMERY.

C. 40600/27 [No. 3].

No. 15.

'IRAQ.

THE ACTING HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received, 11.30 a.m., 27th October, 1927.)

TELEGRAM.

No. 518 of the 26th October. Your telegram No. 378, 25th October.† There are no specific further cases. Increase was proposed to cover eventualities.

C. 40600/27 [No. 4].

No. 16.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 17.]

Downing Street, 31st October, 1927.

SIR,

I AM directed to address you with regard to the provision to be made in the Vote for Colonial Services for the year 1928 to meet disability compensation and retired pay to British officers and men lately serving with the 'Iraq Levies, and to

* C. 49159/27 [No. 6]: not printed. † No. 14.

state that, subject to the concurrence of the Lords Commissioners of the Treasury, it is proposed to insert a sum of £600 for this service.

This provision is required—

(*a*) to meet awards which it is anticipated will come in course of payment in 1927, in respect of the cases noted below; and

(*b*) to provide a small margin for contingencies.

(1) Lieutenant-Colonel E. C. T. Minet, D.S.O., M.C.

Treasury sanction has been given for the payment to this officer of retired pay at the rate of £150 a year until the 18th March, 1929, inclusive (Treasury letter S.23929 of the 12th August, 1927*).

(2) Sergeant C. Wyse.

A separate letter is being addressed to Their Lordships with regard to the extension of the award of a disability pension to Mr. Wyse at the rate of 16s. 3d. per week for a further period of 24 months from the 28th October, 1927. (£43.)

(3) The late Lieutenant J. E. Griffith.

Reference is requested to Colonial Office letter to the Treasury of the 10th September, 1925,† and Treasury semi-official letter S.27751 of 15th October, 1925.† Provision is required for sums of £90 and £24 in respect of compassionate allowances to the widow and child, and in addition for the sum of £35 in respect of education allowance for the child.

(4) Captain T. Tyrwhitt Drake, M.C.

This officer was retired from the Army on the ground of ill-health from the 28th April, 1926, following an accident sustained whilst serving with the 'Iraq Levies, and was awarded retired pay at the rate of £142 a year and temporary disablement addition of £100 a year from 28th April, 1926, to 17th January, 1927, subject to review thereafter in the light of further medical evidence. The disablement addition awarded to this officer has since been extended for 12 months from the 18th January, 1927. A copy of the letter from the War Office, dated 22nd December, 1926,‡ notifying this extension to the award was forwarded to the Treasury on the 6th January, 1927. In view of the nature of the disability (fractured spine), it is considered that provision should be made for the continuance of the award at the rate of £100 per annum for 1928. In order to meet further cases should they arise, I am to suggest that a further sum of £158, making a total of £600 a year, should be provided under this head.

Their Lordships will be aware that provision of the same amount was made in the current year's Estimate under Sub-head F of the Middle Eastern Services Vote.

I am, &c.,
J. E. SHUCKBURGH.

C. 40600/27 [No. 5].

No. 17.

TREASURY to COLONIAL OFFICE.

(S. 23929.)

SIR, Treasury Chambers, 7th November, 1927.

In reply to Sir John Shuckburgh's letter of the 31st ultimo,§ I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State that They sanction the provision of £600 in the Estimate for Colonial Services for the year 1928 to meet disability compensation and retired pay to British Officers and men lately serving with the 'Iraq Levies.

I am, &c.,
R. V. NIND HOPKINS.

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* P.F. 16097 Middle East: not printed. † P.F. 19648 Middle East: not printed.
‡ P.F. 15271 Middle East: not printed § No. 16.

Sub-head D.7. British Officials' Compensation.

C. 40598/27 [No. 6].

No. 18.

'IRAQ.

THE SECRETARY OF STATE to THE ACTING HIGH COMMISSIONER.

[*Answered by No.* 19.]

(Confidential.)

SIR, Downing Street, 3rd December, 1927.

I HAVE the honour to refer to your telegram No. 502 of the 19th of October* submitting estimates of British expenditure on certain services in connection with 'Iraq for the financial year ending 31st March, 1929, and in particular to the sum of £2,000 included under heading (*d*) in respect of British Officials' Compensation.

2. The payment of compensation to British Officials in the service of the 'Iraq Government who were not offered contracts was approved in March, 1926, on the terms set out in Treasury letter No. E.15807 of the 3rd of March, 1926,† a copy of which was forwarded to you under cover of my Confidential despatch of the 11th of March, 1926.† In the Vote for Middle Eastern Services, 1926, the sum of £7,000 was provided under Sub-head G.—British Officials—Compensation, but the actual payments made from that provision amounted to £4,599 11s. 2d. only. In the current year's Vote £2,000 is included under the corresponding sub-head, but no payments have been brought to account to date, and so far as I am aware no payments have been made by you.

3. The terms governing the grant of compensation referred to officers whose services were to be dispensed with " in the immediate future or had been dispensed with in the last few months." In view of the time which has elapsed since the date of the Treasury letter, viz., 3rd March, 1926, it is clear that no further claims will now arise in which compensation is payable strictly in accordance with the above terms and, apart from the case of Mr. Fenton-Smith, which is now being considered by the Lords Commissioners of the Treasury, the question arises as to what, if any, compensation can, with Treasury approval, be paid to British officials who have been granted short-term contracts by the 'Iraq Government. In these circumstances I shall be glad if you will furnish me at an early date with the details on which your estimate of £2,000 for 1928 is based.

I have, &c.
(for the Secretary of State),
W. ORMSBY GORE.

C. 58179/28 [No. 1].

No. 19.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 23rd January, 1928.)

[*Answered by No.* 22.]

(Confidential A.)

SIR, The Residency, Baghdad, 14th January, 1928.

I HAVE the honour to acknowledge receipt of your Confidential despatch dated the 3rd of December, 1927,‡ regarding the estimate of money required for the payment of compensation to British officials in the service of the 'Iraq Government who were not offered contracts under the Anglo-'Iraq Treaty.

2. Sir Edward Ellington included in his telegram No. 502 dated the 19th of October, 1927,§ a sum of £2,000 for expenditure during the coming financial year on this purpose. This sum was inserted because it was intended to take up again the question of the grant of compensation to officers who were granted short-term contracts only and were thereby deprived of the benefit, which attaches to the " Treaty " contract, of receiving Provident Fund payments for pre-contract service. This matter

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* C. 40598/27 [No. 1]: not printed. † C. 5167/26: not printed.
‡ No. 18. § C. 40598/27 [No. 1]: not printed.

has already been before your notice and rests with the remark contained in your Confidential despatch dated the 15th of July, 1926,* that " it might be best to let this matter rest for the present and to take it up if and when a case arises." That course of action was then suitable, but the position has now changed, inasmuch as compensation has been paid to all officials who were granted no contract at all, except to Mr. Stephen, whose case was referred to you in my Confidential despatch of 6th January† and to two other officers, the grant to whom of short-term contracts is under consideration.

3. In order, however, to dispose of all claims for compensation to British officers, it is necessary to deal effectively with the question of those who were only granted short-term contracts. Strong representations have been received from several of them, who claim that His Britannic Majesty's Government are under as strong a moral obligation to compensate them as they were to compensate those officials whose claims have now been settled. The arguments supporting their case have already been placed before you fully in my Confidential despatch dated the 8th of June, 1926.‡

4. There are only seven officials concerned, of whom four are serving on three year short-term contracts. Of the remaining three, two are those referred to in paragraph 3 above, while the third has been offered a short-term contract by the Basrah Municipality. The maximum amount of compensation which would be needed to pay these seven officials at the rate of one-twelfth of the pay drawn by them from 11th November, 1920, up to the date of commencement of their short-term contracts, is the figure of £2,000 suggested in Sir Edward Ellington's telegram. I have omitted mention of Railways officers because I consider that any future cases of compensation that may be accepted for this class of personnel should form a charge against Railway funds and not against His Britannic Majesty's Government.

5. I am strongly in favour of settling this question now. I consider that compensation should be awarded to these officials, and should be paid into the 'Iraq British Officials' Provident Fund, so that it may be earning interest throughout their further period of service with the 'Iraq Government. The payment could be made subject to the condition that the principal would be refunded by the Trustees of the Provident Fund to the British Exchequer in the event, a most unlikely one now, of any of the officials receiving a similar amount from the 'Iraq Government, by being given a Treaty contract or in any other way.

6. I would bring to your notice the fact that my original estimate of the amount required for payment of compensation to British officials was £11,000, of which £4,599 11s. 2d. has already been paid, an amount of £492 8s. 4d. has been recommended for payment to Mr. N. Fenton-Smith and an amount of £429 8s. 6½d. to Mr F. W. Stephen. The payments now recommended will therefore bring the final expenditure to a figure well below the amount originally accepted in principle by the Lords Commissioners of the Treasury. I trust that you will be able to give this proposal your strong support in order that the long drawn out question of compensation for British officials in 'Iraq may be closed.

I have, &c.,
H. DOBBS,
High Commissioner for 'Iraq.

C. 58179/28 [No. 4].

No. 20.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 21.]

SIR, Downing Street, 20th February, 1928.

I AM directed by Mr. Secretary Amery to refer to Sir R. Scott's letter No. E.15807 of the 3rd of March, 1926,§ regarding the question of the grant of compensation from Imperial funds to British officials in the service of the 'Iraq Government who were either offered no contract by that Government or were offered short-term contracts, and, in this connection, to refer to the Confidential despatch dated 14th January, 1928,‖ received from Sir Henry Dobbs, a copy of which was forwarded to Their Lordships on the 27th January, in which he urges the claim to compensation of those officers who fall into the latter of the above categories.

* C. 12568/26: not printed. † P.F. 22119 Middle East: not printed.
‡ C. 12568/26: not printed. § C. 5167/26: not printed. ‖ No. 19.

2. Whilst admitting that officers who have been granted short-term contracts have not so good a claim to compensation as those whose services were dispensed with entirely, the Secretary of State has throughout maintained, and still maintains, the opinion that there are strong grounds for the payment to them of some *ex gratia* compensation. As Their Lordships are aware, these officers had good reason to expect continued employment in 'Iraq, and they were offered short-term contracts, not because they were not considered fully qualified for long-term or " treaty " contracts, but merely because the 'Iraq Government were reluctant to grant more than a bare minimum of that class of contract.

3. Mr. Amery would not, however, wish to recommend for Their Lordships' consideration the payment of compensation on so favourable a basis as that recommended by the High Commissioner. It will be observed that Sir H. Dobbs suggests that officers who have been granted short-term contracts by the 'Iraq Government should receive the same compensation as officers to whom no contracts were granted. Mr. Amery does not consider that compensation on so generous a scale would be justified, nor is he prepared to recommend that any compensation whatever should be granted in the case of officers whose short-term contracts are extended to cover more than a period of five years, viz., the minimum period provided for in the " Treaty " contract. He realises that it is not possible to make an accurate assessment of the measure of benefit accruing to officers from the grant of a short-term contract as compared with those who received no contract at all, but he would suggest for Their Lordships' consideration that a reasonable basis of compensation for the former would be to pay—as in the case of the latter officers—arrears of provident fund benefits, but subject in their case to a deduction of one-fifth in respect of each completed year of service on a short-term contract. As Their Lordships are aware, the arrears of provident fund benefits payable to those officers who received either Treaty contracts or no contracts at all were in each case one-twelfth of the officer's aggregate emoluments from 11th November, 1920, to the date of the contract, in the former case, and to the date of the termination of the officer's services in the latter case.

4. I am to take this opportunity to refer to the letter from this Department of the 18th of November, 1927,* regarding the case of Mr. N. Fenton Smith. In view of the special circumstances attaching to the termination of this officer's services Mr. Amery considers that the reduction proposed above should not apply to his case, and he understands that Their Lordships will be prepared, as a special case, to agree to the payment of full compensation so far as this officer only is concerned.

5. In paragraph 5 of the despatch under reference, the High Commissioner indicates that he is strongly in favour of the immediate settlement of this question, and recommends the payment of any compensation which may be approved into the 'Iraq British Officers' Provident Fund, in which interest on the capital would accrue to the officer, subject to a proviso that the capital would be refunded to the British Exchequer in the event of the officer receiving a long-term or " treaty " contract or some equivalent compensation from the 'Iraq Government. Apart, however, from the fact that the Secretary of State does not consider that any case has been made out for the immediate payment of compensation, such a proposal would be impossible to carry out if the reduction suggested above is agreed to by Their Lordships, as a grant would not become payable, and its amount would not be ascertainable, until the determination of the officer's services under his contract. If Their Lordships concur in this view and in the reduced compensation suggested for the seven officials concerned, it is clear that provision to the full extent of the sum of £2,000 already inserted in the Colonial and Middle Eastern Services Estimate for 1928 will not be required. In the absence of detailed information as to the pay, &c., of these officials, and the date of termination of their contracts, Mr. Amery would suggest that £1,000 would suffice, and he understands that in order not to effect any alteration in the total provision of £620,000 for 'Iraq already agreed, Their Lordships would be prepared to transfer the balance of £1,000 to the provision for Indian troops in that country.

I am, &c.,
A. J. HARDING.

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* P.F. 20510 Middle East: not printed.

C. 58179/28 [No. 6].

No. 21.

TREASURY to COLONIAL OFFICE.

(E.15807.)

Treasury Chambers, 25th February, 1928.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Harding's letter of the 20th instant* relative to the grant of compensation to British officials in the service of the 'Iraq Government whose contracts under the British officials' agreement arising out of Article 2 of the Anglo-'Iraq Treaty of the 10th October, 1922, are of less than five years' tenure.

In reply I am to request you to inform the Secretary of State for the Colonies that in deference to his representations My Lords agree to the payment to these officials on the expiration of their contracts of compensation at the rate proposed, viz., one-twelfth of the aggregate emoluments received by them from 11th November, 1920, to the date of the contract, subject to a reduction of one-fifth in respect of each completed year of service on a contract. They concur in the views expressed by the Secretary of State in paragraph 5 of the letter under reply, and the Estimate for the Colonial and Middle Eastern Services for 1928 is being adjusted accordingly.

My Lords have further considered the case of Mr. N. Fenton Smith, Assistant Secretary in the 'Iraq Ministry of Finance, dealt with in Sir J. Shuckburgh's letter of the 18th November last,† and, as a special case, and on the understanding that the Secretary of State is satisfied that a concession to Mr. Fenton Smith will not prejudice the arrangement approved in the preceding paragraph for short-term contract holders generally, They agree to the grant of compensation to him on the same basis as if no contract at all had been granted to him.

I am, &c.,
R. R. SCOTT.

C. 58179/28 [No. 7].

No. 22.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential.)

Downing Street, 15th March, 1928.

SIR,

I HAVE the honour to refer to your despatch Confidential A of the 14th of January‡ regarding the payment of compensation to British officials in the service of the 'Iraq Government who were not offered contracts under the Anglo-'Iraq Treaty, and to enclose, for your information, copies of correspondence§ with the Lords Commissioners of the Treasury on this subject.

2. You will observe that Their Lordships have, upon my recommendation, sanctioned the payment to the officers concerned of compensation at the rate of one-twelfth of the aggregate emoluments received by them from 11th November, 1920. to the date of the contract, subject to a deduction of one-fifth in respect of each completed year of service on a contract. I regret that after full consideration, I was unable to recommend the grant of compensation on a more favourable basis. You will appreciate that, in view of this decision, it is not possible either to make any immediate payment to the officials in question or to adopt your suggestion that any compensation awarded should be immediately paid into a Provident Fund. The sum of £2,000 provisionally entered in the Estimate for Colonial and Middle Eastern Services, 1928, has accordingly been reduced to £1,000.

I have, &c.,
L. S. AMERY.

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* No. 20.
† P.F. 20510 Middle East: not printed.
‡ No. 19.
§ Nos. 20 and 21.

Sub-head E.2. Trans-Jordan Frontier Force.

C. 44727/27 [No. 1].

No. 23.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 3.54 p.m., 24th October, 1927.)

TELEGRAM.

No. 209 of the 24th October. Your telegram of 20th October No. 223.* Total estimate for Trans-Jordan Frontier Force for the calendar year 1928 is £E.162,480. Anticipated expenditure of the Force for the first quarter of 1929 will be proportionate. Estimates are based on establishment reduced by 2 non-commissioned officers and 50 other ranks.

C. 44727/27 [No. 2].

No. 24.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 1.40 p.m., 26th October, 1927.)

TELEGRAM.

[*Answered by No.* 25.]

No. 211. 26TH OCTOBER. Confidential. Please refer to my telegram of 24th October, No. 209,† Trans-Jordania Frontier Force estimates 1928. The following items will be over-expended in 1927:—

(I) Ordinary due to Azraq operations £E.2,000.
(II) Temporary accommodation at Zerka, my despatch of 7th October, Confidential C,‡ £E.7,000.
(III) Unexpended balance 1926-27 Ma'an construction, £E.3,800.
(IV) Provision of married quarters about which I am writing, £E.3,000—Total £E.15,800.

I shall be grateful if you will take into account these sums in calculating the Imperial grant for 1928-29 as was arranged for the current financial year in similar circumstances.

C. 44727/27 [No. 3].

No. 25.

PALESTINE.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 6 p.m., 31st October, 1927.)

TELEGRAM.

[*Answered by No.* 26.]

No. 233. YOUR telegram of 26th October, 211.§ Last sentence not understood as expenditure on Ma'an barracks which was taken into account in Estimates 1927-28 was expenditure not incurred in 1926-27. Am I to understand that part of expenditure on items 1, 2, 3, 4, in your telegram will not be completed by 31st March, 1928. If so, what amounts will be so carried over and will your estimate of £E.162,480 for 1928-29 be increased thereby.—AMERY.

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* C. 49159/27 [No. 12]: not printed.
‡ C. 44164/27 [No. 32]: not printed.
† No. 23.
§ No. 24.

C. 44727/27 [No. 5].

No. 26.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 1.33 a.m., 8th November, 1927.)

TELEGRAM.

No. 223. 7TH NOVEMBER. Your telegram of 31st October, No. 233.* Frontier Force Estimates. The original Estimate on Ma'an barracks in 1926-1927 was £E.28,900. It was estimated when re-vote of £E.24,400 was granted in 1927-1928 that estimated expenditure 1926-1927 would be £E.4,500, whereas expenditure was actually £E.686. It is estimated that expenditure on Ma'an building for nine months ending 31st December will amount to £E.28,214 and therefore exceed by approximately £E.3,800 provision in Estimates and re-voted this year. Total expenditure however will not exceed original estimate.

Expenditure incurred in connection with Azraq operations for nine months ending 31st December amounts to approximately £E.8,000, but savings under other heads have been effected so that total ordinary expenditure will not exceed provision in Estimates by more than £E.2,000. Expenditure under Items 2, 3 and 4 of my telegram No. 211 of 26th October† will cause excess in Frontier Force vote for nine months ending 31st December this year for Public Works Extraordinary of £E.13,800, and it is estimated that expenditure for twelve months ending 31st March, 1928, will also exceed provision in Estimates by the same sum since work will be completed by the end of December.

C. 44727/27 [No. 6].

No. 27.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 28.]

SIR, Downing Street, 21st November, 1927.

I AM directed to refer to the letter from this Department of the 2nd of November,‡ and to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copies of telegraphic correspondence§ with the High Commissioner for Palestine regarding the question of including in the amount to be provided under Sub-head F.1.—Trans-Jordan Frontier Force (Grant-in-Aid)—in the Colonial Services Estimate, 1928, a proportion of the excess expenditure, viz., £E.15,800, which it is anticipated will be incurred over and above the estimate of £220,000 for the financial year ending 31st March, 1928, on which the provision made under the corresponding sub-head of the Middle Eastern Services Vote, 1927, was calculated.

2. It will be observed from the High Commissioner's telegrams, that Lord Plumer anticipated that the excess expenditure on individual items will amount to £E.21,800, but that savings will be effected on other items to the extent of £E.6,000, thus reducing the excess on the estimate as a whole to £E.15,800 The items on which excess expenditure will be incurred are set out in Lord Plumer's telegram No. 211 of the 26th of October.‖ Having regard to the nature of these items and in view of the fact that in one case at least, viz., Azraq operations, the expenditure was entirely unavoidable and could not be foreseen, the Secretary of State considers the request in the last paragraph of that telegram to be not unreasonable

3. As their Lordships are aware, the sum of £27,800, representing one-sixth of the estimated cost of the Force in 1928, has been inserted provisionally under Sub-head F.1 in the draft Estimate of the Colonial Services Vote, 1928. The Secretary of State trusts that they will see their way to agree to that sum being increased to say £30,000 on account of the excess expenditure in 1927, the balance of £2,200 representing rather less than one-sixth of the total excess of £E.15,800.

I am, &c.,
J. E. SHUCKBURGH.

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* No. 25 † No. 24. ‡ C. 44727/27 [No 4] : not printed. § Nos. 24, 25 and 26. ‖ No. 24.

C. 44727/27 [No. 7].

No. 28.

TREASURY to COLONIAL OFFICE.

(S. 32582.)

SIR, Treasury Chambers, 30th November, 1927.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir John Shuckburgh's letter of the 21st instant* relative to excess expenditure of £E.15,800 which it is anticipated will be incurred during the financial year 1927-28 in connection with the Trans-Jordan Frontier Force.

In reply I am to request you to inform the Secretary of State that My Lords are pleased to make provision in the Estimate for Colonial Services, 1928, for payment of an additional contribution of one-sixth of the excess expenditure in 1927. The provisional estimate of £27,800 is being amended to £30,000 accordingly.

I am, &c.,
R. V. N. HOPKINS.

C. 59407/28 [No. 2].

No. 29.

COLONIAL OFFICE to AIR MINISTRY.

[*Answered by No.* 33.]

SIR, Downing Street, 26th January, 1928.

I AM directed to refer to the letter from this Department of the 17th of June, 1926,† and to connected correspondence regarding the strength and organisation of the Trans-Jordan Frontier Force, and to request you to inform the Air Council that the High Commissioner for Palestine has proposed, in connection with the Estimates of expenditure for 1928, that the strength of the Trans-Jordan Frontier Force should be reduced this year by 2 British Warrant Officers and 50 local Privates, and also 1 local Veterinary Officer. The latter, however, is to be replaced by an additional British Farrier Sergeant.

2. The Secretary of State would be glad to learn at an early date whether the Council see any objection to the above proposed reductions in the strength of the Force.

I am, &c.,
J E. SHUCKBURGH.

C. 59407/28 [No. 3].

No. 30.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 31.]

SIR, Downing Street, 26th January, 1928.

I AM directed to refer to Sir R. Hopkins's letter S. 32582 of the 30th November‡ and to previous correspondence regarding the provision of £30,000 included under Sub-head F.1—Trans-Jordan Frontier Force (Grant-in-Aid)—in the Colonial Services Estimate 1928, and to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copies of extracts§ from the draft Palestine Estimates for the year ending 31st December, 1928, giving details of the estimated expenditure on the Frontier Force for that year.

2. Their Lordships will observe that a total provision of £151,909 is made under Head XXI for Recurrent Expenditure, while £14,800 is provided under Head XXXI for Capital Expenditure, giving a total of £166,709 for Capital and Recurrent Expenditure for the year. This figure shows an appreciable decrease in the amount, viz., £220,000, of the estimate of Recurrent and Capital Expenditure for the financial year ending 31st March, 1928, on which the amount of the British Grant-in-Aid for this year was calculated.

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* No. 27. † C. 12146/26 : not printed. ‡ No. 28. § *See* Section II, 3.

3. The decrease in Recurrent Expenditure, viz., £14,091 (£166,000-£151,909), is accounted for, to some extent, by the reductions in the strength of the Force which the High Commissioner proposes to effect in 1928. In accordance with these proposals the strength is to be reduced by 2 British Warrant Officers and 50 Privates, and also 1 local Veterinary Officer, but the latter is to be replaced by an additional British Farrier Sergeant. Apart from these proposed reductions, however, a saving of approximately £5,000 is effected on Items 82-86 inclusive (tents, mechanical transport, &c.) in respect of which no provision is made in the estimates for 1928. Capital Expenditure is reduced from £54,000 to £14,800, the total amount provided under Head XXXI.

4. The details of the estimate have been examined in this Department, and I am to offer the following observations on the individual items specified below :—

Item 16.—The Hotchkiss Gun Officer is at present graded as a Lieutenant with pay at the rate of £E.450 x 50—550 plus duty allowance at the rate of £E.50 per annum. It is proposed to regrade this appointment as a Captain's appointment with pay at the rate of £600 x 50—700 but with no duty allowance, and provision has been made accordingly. I am to explain that the Hotchkiss Gun Officer is the only combatant officer at present graded as a Lieutenant, and that it is considered that the duties attached to this appointment are such as to warrant the grant of the paid rank of Captain. The Secretary of State is accordingly in favour of the proposed regrading of this appointment.

Item 41.—In connection with the proposed reductions in the strength of the Force during 1928, the High Commissioner has reported that he has issued instructions to the effect that the reduction of 50 in the existing strength of Privates, viz., 675, should be effected during 1928 by leaving unfilled vacancies as they occur up to that number. The provision included under this item, however, is approximately the amount required for a reduced strength of 625 Privates only for the whole year. Unless therefore the strength of the Force was 625 as at 1st January, 1928, which would not appear to be the case from the High Commissioner's instructions referred to above, the provision under this item will prove insufficient.

Items 42 *and* 45.—Provision is made for the grant of proficiency pay and trade pay in accordance with regulations to be drawn up on the lines of those governing the grant of such pay in the British Army. This is in accordance with the suggestion made in the Secretary of State's despatch Confidential D. of the 11th August, 1927,* in the terms of which Their Lordships concurred (*vide* Treasury letter S.28979/01 of 5th August, 1927†).

Items 49 *and* 50.—Provision is made under these items for 4 new appointments, viz., 2 Mechanics and 2 Electricians. The High Commissioner has reported that these Mechanics and Electricians are required for the maintenance of water and electric light plant at Zerka and Ma'an.

Item 51.—The question of the grant of gratuities to non-regular British Officers on termination of service is at present under consideration, and a communication will be addressed to you on the subject in due course.

Item 81.—It is proposed to ask the High Commissioner to confirm that the cost of upkeep and replacement of furniture for the messes of the British Officers, British Warrant Officers and local Officers, which is not a Government liability, is not provided for under this item.

Head XXXI.

Item 1.—In this connection reference is invited to Mr. Meiklejohn's letter S.28979/02 of the 3rd September, 1927,‡ conveying Their Lordships' covering approval for the expenditure of a sum not exceeding £E.32,084 on a semi-permanent camp at Zerka during the financial year ending March, 1928. Provision is made under this item for accommodation at Zerka for a third Company of the Force which is at present stationed at Samakh. Their Lordships will recollect that Lieutenant-Colonel Symes referred to the possibility of this accommodation being required in 1928 in paragraph 6 of his despatch Confidential C. of the 29th July,§ a copy of which was forwarded to the Treasury under cover of a letter from this Department dated the 29th August.‖ It is understood that it is proposed that this work should be carried out by the Public Works Department of the Palestine Government and not by the Air Ministry Works and Buildings Department, which Department has hitherto carried out works services for the Trans-Jordan Frontier Force, and a detailed estimate is not available. It would appear that, with the completion of the work provided for under this item,

* No. 40 in Middle East No. 6. † C. 44341/27 [No. 9] : not printed

‡ No. 44 in Middle East No. 6. § No. 39 in Middle East No. 6. ‖ No. 42 in Middle East No. 6.

semi-permanent accommodation will be available for the whole of the Force as the fourth and remaining company is already accommodated at Ma'an.

Items 2, 3 *and* 4.—The services in connection with the camp at Zerka, provided for under these items, appear to be necessary.

5. I am to say that, provided that the Air Council see no objection to the proposed reductions in the strength of the Force, as to which a letter is being addressed to the Air Ministry, and subject to the foregoing observations on individual items, the Secretary of State proposes to approve the estimate of expenditure on the Frontier Force for the year ending 31st December, 1928, at a total expenditure (Capital and Recurrent) of £166,709. As Their Lordships are aware, a sum of £30,000 has been included under Sub-head F.1—Trans-Jordan Frontier Force (Grant-in-Aid)—of the Colonial Services Estimate, 1928, representing approximately one-sixth of the estimated Recurrent and Capital expenditure for the financial year ending 31st March, 1929, plus approximately one-sixth of the excess expenditure incurred over and above the estimate for the financial year ending 31st March, 1928, to which reference is made in Their Lordships' letter of 30th November mentioned in paragraph 1.

6. It is understood that the High Commissioner is anxious that the works services at Zerka, if approved, should be started without delay. The Secretary of State would accordingly be glad to receive an early intimation of Their Lordships' concurrence in the items included under Head XXXI in order that the necessary authority may be conveyed to the High Commissioner as soon as possible by telegraph. in advance of the despatch which will be addressed to Lord Plumer on the subject of the Estimates generally.

I am, &c.,
J. E. SHUCKBURGH.

C. 59407/28 [No. 4].

No. 31.

TREASURY to COLONIAL OFFICE.

(S. 32582.)

SIR, Treasury Chambers, 7th February, 1928.

I HAVE laid before the Lord Commissioners of His Majesty's Treasury Sir John Shuckburgh's letter of the 26th January, 1928,* and the accompanying copies of extracts from the draft Palestine Estimates for the year ending 31st December, 1928, giving details of the estimated expenditure on the Trans-Jordan Frontier Force for that year.

In reply I am to request you to inform the Secretary of State that My Lords are glad to note that the estimated capital expenditure in connection with the Force shows a substantial reduction from £54,000 to £14,800 and that the estimated recurrent expenditure shows a reduction from £166,000 to £151,909.

My Lords do not wish to add to the observations which the Secretary of State proposes to make to the High Commissioner on the details of the estimates, and I am accordingly to state that They are pleased to approve the estimates.

I am, &c.,
R. V. NIND HOPKINS.

C. 59407/28 [No. 5].

No. 32.

PALESTINE.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

(Sent 7.45 p.m., 10th February, 1928.)

TELEGRAM.

No. 20. YOUR despatch 21st December Confidential A.† Estimates. Items under Head XXXI Trans-Jordan Frontier Force Extraordinary are approved.—AMERY.

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* No. 30. † C. 59407/28 [No. 1] : not printed.

C. 59407/28 [No. 7].

No. 33.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 16th February, 1928.

I AM commanded by the Air Council to refer to Colonial Office letter of the 26th January,* relative to the Trans-Jordan Frontier Force, and in reply to acquaint you, for the information of the Secretary of State for the Colonies, that they do not desire to offer any objection to the strength of this Force being reduced by two British Warrant Officers and 50 local Privates, or to one local Veterinary Officer being replaced by a British Farrier Sergeant.

I am, &c.,
H. McANALLY.

[NOTE.—The despatch to the High Commissioner, Trans-Jordan (Confidential of 30th April, 1928), conveying approval of the estimates for the Trans-Jordan Frontier Force, has been printed in Middle East No. 18.]

Sub-head E.3. Trans-Jordan Administration.

C. 44726/27 [No. 2].

No. 34.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 35.]

SIR, Downing Street, 5th November, 1927.

I AM directed to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a telegram† from the High Commissioner for Palestine regarding the provision to be made in the Colonial Services Estimates for 1928 under the Sub-head "Contribution to the Trans-Jordan Administration (Grant-in-Aid)."

2. Their Lordships will observe that the revenue of the Trans-Jordan Administration for 1928 is estimated at £239,700 and the expenditure for that year at £301,700, leaving a deficit of £62,000. Further, that the High Commissioner anticipates that the surplus balance as on the 31st March, 1928, will be approximately £58,000, provided that the Grant-in-Aid inserted in the current year's Vote, viz., £62,000, is issued in full. Of this anticipated balance, £25,000 is earmarked for earthquake relief services, thus reducing the available surplus balance to £33,000. In this connection reference is invited to the correspondence ending with the Colonial Office letter of the 13th October, 1927.‡

3. On the basis of the information contained in the High Commissioner's telegram, the provision to be made in the Estimates for 1928 under the Sub-head in question will amount to £29,000, the difference between the deficit of £62,000 for 1928 and the anticipated available surplus balance as on 31st March, 1928, viz., £33,000, provided that the amount inserted in this year's Vote is issued in full. As Their Lordships are aware, £25,000 only has been issued from that provision up to date, leaving a balance of £37,000. This sum is in excess of the anticipated available surplus balance as on 31st March, 1928, viz., £33,000, and it will therefore be necessary to make a further issue from this year's provision in order to enable the Trans-Jordan Administration to balance their accounts at the end of the year. Moreover the Secretary of State considers that it is not practicable to leave the Trans-Jordan Administration without a small working balance on 31st March next, and, in all the circumstances, he proposes, if Their Lordships agree, to authorise the issue of a further sum of £26,000 from this year's provision, making £51,000 in all, thus reducing the estimated available surplus balance as on 31st March, 1928, to £22,000 (£33,000 less £11,000 short issued). Subject to Their Lordships' concurrence an amount of £40,000 would then be provided in the Estimates for 1928 in respect of the contribution to the Trans-Jordan Administration, this sum representing the difference between the estimated deficit for 1928, viz., £62,000, and £22,000, the available surplus balance reduced as above.

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* No. 29. † C. 44726/27 [No. 1]: not printed. ‡ C. 44675/27 [No. 10]: not printed..

4. I am to add that the Secretary of State has again called the attention of the High Commissioner to the fact that the revised Estimates of Trans-Jordan for 1927-28 have not yet been submitted and has called for quarterly returns of revenue and expenditure to be rendered. It is possible that, in the light of these returns, some modification of the provision of £40,000 now proposed may prove to be necessary, and I am accordingly to ask that this figure may be regarded as provisional pending the receipt of further information.

5. A further communication will be addressed to Their Lordships on the receipt of detailed Estimates for 1928-29.

I am, &c.,
J. E. SHUCKBURGH.

C. 44726/27 [No. 3].

No. 35.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 40.]

(S. 9824/06.)

SIR, Treasury Chambers, 17th November, 1927.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir J. Shuckburgh's letter of the 5th instant,* with reference to the provision to be made in the Colonial Services Estimates for 1928 under the Sub-head "Contribution to the Trans-Jordan Administration (Grant-in-Aid)," and I am to request you to convey to the Secretary of State for the Colonies the following reply.

2. My Lords note that the estimated revenue and expenditure for the financial year 1928 amount to £239,700 and £301,700 respectively, giving a deficit of £62,000. These figures compare with an estimated revenue and expenditure for 1927 of £227,990 and £295,990 and a deficit of £68,000, which was expected to be reduced on revision. In the absence of the completed accounts for the year 1926-27 and of the revised estimates for the current year, for which the Secretary of State has asked, My Lords find it difficult to deal with the new figures for which no details are available, but They feel bound to call for some effort to improve the financial position and They will look for a deficit not exceeding £50,000 as a result of the examination of the detailed estimates by the Secretary of State.

3. The amount to be provided in the Imperial Estimates as a grant-in-aid towards this deficit will depend on the balances in the hands of the Territory and My Lords note that the Secretary of State considers that the issue in full of the grant for the current year would raise those balances to a level in excess of the requirements. He proposes that an issue of only £26,000, in addition to £25,000 already issued, should be made from the Parliamentary provision of £62,000. In Their Lordships' view even this amount would be more than sufficient and subject to later information on the position They desire that further issues from time to time, as required. should be limited to £20,000, making a total of £45,000 for the year.

4. The reduction of the issue in the current year on the foregoing ground would not in ordinary course affect the estimate of the grant required for 1928, but Their Lordships observe that the Secretary of State has been content not to allow for retention of specific balances at the end of that year, relying no doubt on the variations to be effected in the detailed estimates. My Lords take a similar view and do not propose to alter the estimated provision for 1928 as a result of the smaller issue in the current year. In the absence of the material necessary to a close estimate They feel compelled in approaching Parliament to take a conservative view of the requirements and They concur in the insertion in the Colonial Services Estimate of a sum of £40,000 as a Grant-in-Aid of the Trans-Jordan Administration.

5. My Lords observe from the telegram† from the High Commissioner, which was enclosed with the letter under reply, that a certain amount of expenditure is classed as Extraordinary. They have had under consideration the desirability of making any contribution to the Territory in the form of a loan, rather than of a grant as at present, and I am to suggest for the consideration of the Secretary of State that any advance for Extraordinary expenditure should take this form.

6. My Lords observe further that in addition to the loan of £20,000 for the repair of earthquake damage, which was authorised by Treasury letter of the 4th ultimo (S. 32454)‡ a sum of £5,000 is proposed to be lent to officials for a similar purpose.

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* No. 34. † C. 44726/27 [No. 1]: not printed. ‡ C. 44675/27 [No. 5]: not printed.

They were not previously aware of this proposal, and I am to request that it may be submitted for Their consideration.

I am, &c.,
R. V. NIND HOPKINS.

C. 44726/27 [No. 4].

No. 36.

TRANS-JORDAN.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 2.30 p.m., 25th February, 1928.)

TELEGRAM.

No. 9. YOUR telegram of 25th October, No. 210.*

Please furnish as quickly as possible revised estimate of surplus balances of Trans-Jordan Government at 31st March, 1928, if issues from 1927-28 Grant-in-Aid are limited to £45,000. Grant-in-Aid for 1928-29 has been fixed at £40,000 thus leaving £22,000 of estimated deficit in 1928-29 to be met from surplus balances.—AMERY.

C. 59435/28 [No. 8].

No. 37.

TRANS-JORDAN.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 14th May, 1928.)

[*Answered by No.* 42.]

(Confidential.)

SIR, High Commissioner's Office, Jerusalem, 4th May, 1928.

I HAVE the honour to transmit herewith the Estimates of revenue and expenditure in respect of Trans-Jordan for the financial year 1928-29, together with a covering letter† addressed to me by the British Resident.

2. Colonel Cox has commented in detail on the items of revenue and expenditure and subject to the views which I express in the following paragraphs I agree generally with his proposals in regard to expenditure.

3. I regret that it has not been possible to effect a more substantial reduction in the expenditure vote for Police and Prisons. More efficient administration has been followed by a better state of public security in general, but concurrently there follow many added obligations which the Arab Legion must fulfil.

The situation on the frontier, moreover, has necessitated the maintenance, for the time being, of additional posts at Umm el Jemal and at Azraq.

In the present circumstances of political uncertainty created by possible Wahabi threats from the Nejd and by the recent introduction of a Constitution, I am unable to recommend any reduction in the strength of the Arab Legion. If, however, the uncertain situation is cleared up without and within Trans-Jordan, I hope it will be possible to consider the reduction of the Arab Legion in future years.

4. It remains to be considered whether any substantial reductions can be made under other heads of Estimates by curtailing departmental activities.

Under Head XVI A, Public Works (Recurrent) there is an increase of £P.4,631. This is mainly due to an increase of £P.3,500 on the maintenance of roads. This relatively large increase is necessitated for the reasons given by the British Resident, and is further justified by the fact that 1928 will be a lean year on account of drought and locusts. There will be hard times for the fellaheen and probably unemployment later in the year. The money will be spent almost exclusively on labour.

I see little prospect of reducing expenditure on Public Health. It may be possible to arrange that the number of Medical Officers be reduced by one.

5. In seeking your approval of these Estimates in their present form, I venture to draw your attention to the very considerable decrease it has been possible to make in the amount of the Imperial Grant-in-Aid.

I have, &c.,
PLUMER, F.M.
High Commissioner for Trans-Jordan.

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* C. 44726/27 [No. 1]: not printed. † Not printed.

C. 59435/28 [No. 10.]

No. 38.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 40.]

(S. 9824/06.)

SIR, Treasury Chambers, 29th May, 1928.

I AM directed by the Lords Commissioners of His Majesty's Treasury to advert to Treasury letter of the 17th November, 1927 (S. 9824/06)* with reference to the provision to be made in the Colonial Services Estimates for 1928 under the Sub-head "Contribution to the Trans-Jordan Administration (Grant-in-Aid)," and to enquire whether the Estimates of the Territory for 1928 will be available in the near future.

I am to add that, as My Lords have not received any further information on the subject, They assume that it is not proposed to proceed with the scheme for making loans to officials for the repair of earthquake damage. They would be glad to learn the progress of expenditure from the loan of £20,000 for earthquake damage generally.

I am, &c.,
G. C. UPCOTT.

C. 59435/28 [No. 15].

No. 39.

TRANS-JORDAN.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 18th June, 1928.)

[*Answered by No.* 42.]

(Confidential.)

SIR, High Commissioner's Office, Jerusalem, 7th June, 1928.

I HAVE the honour to refer to my Confidential despatch of the 4th of May† forwarding the draft Estimates for Trans-Jordan for 1928-29 and to request approval of the following changes under Head V of Expenditure.

2. Items 18, 23 and 24 of Head V at present provide as under:—

Item 18.	Transport and Travelling	£750
Item 23.	Secret Service	£150
Item 24.	Purchase of New Car	£450

I desire to increase the provision under Item 18 from £750 to £1,050, that under Item 23 from £150 to £300, and to delete the provision under Item 24 entirely.

3. I am satisfied that the original vote for Secret Service requires to be augmented; and I consider that the Chief Minister should purchase his own car and be granted a monthly allowance of £45 for upkeep. The allowance would be a charge against the increased Item 18, and the rate recommended is not excessive, having regard to the rapid depreciation of motor cars in Trans-Jordan, and the considerable distances travelled and the number of journeys done by the Chief Minister.

I have, &c.,
PLUMER, F.M.,
High Commissioner for Trans-Jordan.

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* No. 35. † No. 37.

C. 59435/28 [No. 16].

No. 40.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 41.]

SIR, Downing Street, 23rd July, 1928.

I AM directed by Mr. Secretary Amery to refer to Sir R. Hopkins' letter S. 9824/06 of the 17th of November, 1927,* in regard to the provision to be made in the Colonial Services Estimates for 1928 under Sub-head E.3, "Contribution to Trans-Jordan Administration (Grant-in-Aid)"

2. The estimates of revenue and expenditure of the Trans-Jordan Government for the financial year 1928-29 are dealt with below. In paragraph 3 of the letter under reference it was stated that Their Lordships desired that the issues from the Grant-in-Aid for the year 1927 should be limited to a total of £45,000 for the year and I am to inform you that this sum was the total amount of the issues from the Grant-in-Aid for the year in question.

3. As regards the last paragraph of that letter and the second paragraph of Mr. Upcott's letter No. S. 9824/06 of the 29th of May, 1928,† in which reference is made to the grant of loans to officials for the repair of damage caused by the earthquake which occurred in 1927, I am to invite Their Lordships' attention to paragraph 12 of Mr. Amery's despatch No. 25 of the 31st of March, 1928,‡ to the High Commissioner for Trans-Jordan (copy of which was enclosed with the letter from this Department of the same date§), in which the Secretary of State requested that he might be furnished with full details of the loans made to officials and of the terms on which the loans were made. I am now to enclose a copy of a despatch No. 72 of the 21st of June‖ from the High Commissioner for Trans-Jordan giving details of the loans issued both to private persons and to Government officials and also a copy of a further despatch No. 74 of the 26th of June¶ replying to certain questions raised in connection with the Estimates for the financial year 1927 and explaining in greater detail the arrangements made for the issue of the loans in question.

4. In Sir R. Hopkins's letter No. S. 32454 of the 4th of October** it was stated that, as the advances would add *pro tanto* to the amount to be drawn from the Grant-in-Aid, a corresponding amount of the Grant-in-Aid should be earmarked as a loan at the same rate of interest; that a definite sum of £20,000 should be treated as a loan bearing interest as from the 1st of April, 1928, and that any unexpended balance should be specially repaid to the British Exchequer as soon as it was known not to be required. It appears from the despatches referred to that the loans amounted to £P.15,855 bearing interest at 6 per cent. and that a further sum of £P.4,100 was advanced without interest to officials of the Trans-Jordan Government. Mr. Amery would have preferred the scheme for the loans to officials to have been submitted to him before adoption, but the situation created by the earthquake was an abnormal one and clearly called for generous treatment by the Government. In the circumstances, he can only ask that Their Lordships may be moved to sanction the arrangement made by the Palestine Government. As it is anticipated that the balance which will remain in the hands of the Trans-Jordan Government on the 31st of March next will amount only to £P.249 it is clearly impossible that the Trans-Jordan Government should surrender to the British Exchequer any sum regarded as unexpended balances of the loans sanctioned in your letter of the 14th of October.†† Mr. Amery would be glad to be furnished with Their Lordships' views in regard to the terms of repayment of the loans.

5. He further considers that Lord Plumer was fully justified in authorising the expenditure in respect of the campaign against locusts referred to in the latter part of paragraph 6 of his despatch of the 26th of June, and I am to request that Their Lordships may be moved to give their covering sanction to this expenditure. In this connection attention is invited to Sir R Hopkins's letter No. S. 32671 of the 21st of March.‡‡ There can be no doubt that the plague of locusts constituted a serious menace to the agricultural prosperity of Trans-Jordan and that it was necessary to incur expenditure on an anti-locust campaign in that country, as it was in Palestine, in anticipation of the Secretary of State's approval.

* No. 35. † No. 38. ‡ C. 44331/27 [No. 21]: not printed. § C. 44331/27 [No. 20]: not printed.
‖ C. 59466/28 [No. 1]: not printed. ¶ C. 59466/28 [No. 2]: not printed.
** C. 44675/27 [No. 8]: not printed. †† C. 44675/27 [No. 8]: not printed.
‡‡ C. 59414/28 [No. 8]: not printed.

6. As regards the remaining paragraphs of Lord Plumer's despatch of the 26th of June, it may be convenient to state here that Mr. Amery proposes, in connection with the draft Estimates of revenue and expenditure for the current year, to approve the proposal that Mr. Turner's appointment as Director of Customs should be extended for a further period of two years, but to draw attention to the delay in reporting the arrangements made for filling this post. The reduction in the amount of the subsidies reported in paragraph 5 of the despatch is satisfactory.

7. Copies of the draft Estimates of revenue and expenditure in respect of Trans-Jordan for the financial year 1928 were communicated to you in the letter from this Department of the 5th of June.* I am now to communicate to you copies of correspondence received from the High Commissioner under his despatch No. 67 of the 13th of June† in regard to wireless communication with Azraq, and of his Confidential despatch of the 7th of June‡ proposing certain amendments in Head V of the draft estimates of expenditure.

8. I am also to enclose a draft of a despatch,§ which, with Their Lordships' concurrence, Mr. Amery proposes to address to Lord Plumer on the subject of the Estimates of Trans-Jordan for the year 1928 and to say that he views the situation with some concern. By drawing upon the accumulated reserves of the Trans-Jordan Government to the extent of £P.22,000, it has been found possible to reduce the amount of the Grant-in-Aid from British funds to £40,000. Since the estimated balance of the Trans-Jordan Government at the 31st March next is only £P.249, it appears that the total deficit of that Government for the year 1929-30 will fall to be met from the Grant-in-Aid for that year. It will be seen that in the draft despatch enclosed it is proposed to represent to the High Commissioner for Trans-Jordan the urgent need for all possible economies on the part of the Government of that territory, but Mr. Amery does not feel able to indicate any services upon which, in the present circumstances, it would be possible to make reductions in expenditure amounting to £P.22,000. Unless revenue expands or reductions in expenditure to the amount indicated above are found to be possible, it will be necessary in 1929-30 to ask for an increased Grant-in-Aid of the Trans-Jordan Civil Administration and, while Mr. Amery will do everything that lies within his power to avoid this contingency, he feels that it is necessary to bring it to Their Lordships' attention. A further consideration is that the Trans-Jordan Estimates for the next financial year will, no doubt, have to be submitted to the Legislative Assembly of Trans-Jordan, a procedure which cannot but render it the more difficult to make drastic reductions in expenditure.

9. In previous years Mr. Amery has pressed very strongly for a reduction of the expenditure on the Police and Prisons Department. It will be observed that the present draft Estimates show a reduction of some £P.4,000 upon the Estimates of the previous year. Their Lordships are aware that the situation in Nejd has during recent months been very difficult and the situation upon the eastern portion of the Syrian frontier has also been strained. Mr. Amery is satisfied that, in the circumstances, further reductions in the Police services cannot be called for.

10. I am accordingly to enquire whether Their Lordships concur in the terms of the despatch which it is proposed to address to Lord Plumer.

I am, &c.,

T. I. K. LLOYD.

C. 59435/28 [No. 17].

No. 41.

TREASURY to COLONIAL OFFICE.

(S. 9824/06.)

SIR, Treasury Chambers, 11th August, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Lloyd's letter of the 23rd July, 1928,‖ relative to the Estimates of revenue and expenditure of the Government of Trans-Jordan for 1928-29.

In reply I am to request you to inform Mr. Secretary Amery that My Lords share his concern in the somewhat unfavourable situation revealed and They concur in the terms of the draft of a despatch which he proposes to address to the High Commissioner.

A separate communication will be addressed to you relative to the loans from the funds of the Trans-Jordan Government made to facilitate the repair of earthquake damage.

I am, &c.,

R. V. NIND HOPKINS.

* C. 59435/28 [No. 9]: not printed. † C. 59461/28 [No. 1]: not printed. ‡ No. 39.
§ No. 42. ‖ No. 40.

C. 59435/28 [No. 18].

No. 42.

TRANS-JORDAN.

THE SECRETARY OF STATE to THE ACTING HIGH COMMISSIONER.

(Confidential.)

Downing Street, 27th August, 1928.

SIR,

I HAVE the honour to refer to Lord Plumer's Confidential despatches of the 4th of May* and 7th of June† in regard to the draft Estimates of revenue and expenditure of the Trans-Jordan Government for the financial year 1928-29.

2. These Estimates show an excess of expenditure over revenue of £P.62,000, and it is proposed that the deficit should be met to the extent of £40,000 by the Grant-in-aid from His Majesty's Government and the remainder from surplus balances, the estimated surplus on the 31st of March next being £P.249. Lord Plumer observed that it has been possible to make a very considerable decrease in the amount of the Grant-in-aid; but this decrease has been rendered possible only by drawing upon the accumulated reserves held by the Trans-Jordan Government, and consequently these reserves will be practically exhausted at the end of the financial year. It will, I fear, be very difficult to induce the Lords Commissioners of the Treasury to agree to invite Parliament to vote a greater sum for the Grant-in-aid to Trans-Jordan for the financial year 1929-30 than they have done for the current year. Moreover, the draft Estimates of revenue and expenditure will presumably be brought before the Trans-Jordan Legislature in future years, and it would be somewhat unfortunate if the Legislature were at once compelled to carry out very drastic reductions in expenditure which proceeded from the policy adopted before its establishment. While, therefore, it seems from the Estimates which have been laid before me that the Trans-Jordan Government, assisted by the Grant-in-aid, will be able this year to balance its budget, the most scrupulous economy during the year would seem to be called for. I hope that you will ask the British Resident to endeavour to reduce expenditure wherever possible, even though the expenditure is within the limits of the Estimates.

3. I have little comment to make upon the estimates of revenue except that I suggest that, if it has not already been done, it may be well to revise the Customs tariff, as was done in Palestine, in order to make good the loss to revenue caused by the change in the currency. The amount provided under Head VI, Item (2) should apparently be increased in view of the statement in Lord Plumer's despatch No. 72 of the 21st of June‡ that the amount of the Earthquake Relief Loans outstanding on the 1st of April last, in loans at 6 per cent., was £P.15,855.

4. Turning now to the draft estimates of expenditure, I have no comments to make upon the first six Heads, Head V being amended by Lord Plumer's Confidential despatch of the 7th of June.† As regards Head VII, I do not understand why the provision for the salary of the Legal Adviser has been increased, seeing that he was appointed at the fixed rate of £E.1,200 a year.

5. I note that the British Resident recommends that the appointment of Mr. H. A. Turner as Director of Customs at a salary of £P.1,000 should be extended for a further period of two years, and that in his despatch No. 74 of the 26th of June,§ Lord Plumer supported the proposal. As it is considered that the arrangement will effect an increase of revenue, I accept the recommendation. In this connection I would again invite attention to paragraph 12 of my despatch No. 25 of the 31st of March‖ regarding the practice of incurring expenditure without my prior approval. I realise that for the reasons which Lord Plumer explained to me, the appointment of Mr. Turner was a matter of such urgency as to make it impossible to obtain my prior approval, but I would ask that, in all cases where, on grounds of urgency, expenditure is incurred without reference to me, the facts may be immediately reported.

6. Whilst I have agreed to the proposals for the strengthening of the Chief Minister's Department, the Legal Department and the Department of Customs and Excise, I regret that, in view of the considerations set out in paragraph 2 of this despatch, I am unable to agree to the extension of the Public Health and Educational services contemplated in the draft Estimates. I fully recognise that the amounts provided are small, and that the need for the proposed additional services may be pressing, but it is clear that expenditure on certain other Heads, such as that of Land Survey, must increase during the next few years and, as there appears to be

* No. 37. † No. 39. ‡ C. 59466/28 [No. 1]: not printed. § C. 59466/28 [No. 2]: not printed.
‖ C. 44331/27 [No. 21]: not printed.

very little prospect of Trans-Jordan being able to increase its revenues or to obtain increased grants from British funds, I feel bound to withhold sanction from further expenditure on the services in question. I shall, of course, be prepared to reconsider this decision, and the other proposals for expenditure to which reference is made in subsequent paragraphs of this despatch, if and when the financial position of Trans-Jordan improves to an extent that will enable you to assure me that these proposals can be implemented and the services in question continued in 1929-30 without any increase in the Grant-in-aid.

7. I note that it may be possible to reduce the number of Medical officers by one, and I hope that this will prove to be the case. I would ask you to reconsider the proposal to add to the clerical establishment of the Public Health Department, and I regret that, in the present circumstances, I cannot approve the proposed opening of a hospital in Irbid. The provision for the training of midwives is a further item that I feel unable to sanction.

8. The British Resident has again submitted that the post of First Inspector of Education should be added to the Department of Education. He states that the proposal was not proceeded with last year, as it was found that a suitable officer could not be obtained. In my despatch No. 849 of the 6th of July,* however, I informed Lord Plumer that if it were found necessary to reduce expenditure in order to balance the budget, it might be necessary to discontinue or postpone some of the new services provided under the Head of Education, and I now feel obliged to ask that the provision for this appointment should be further postponed. As regards the proposed extension of the system of scholarships, for which provision is made under Items 63 and 64, I can only agree to the scheme if equivalent savings can be effected on other items of this Head.

9. The provision under Head XIII for a second experimental station was refused last year on Lord Plumer's recommendation, and I regret that I cannot agree that the time is opportune for embarking upon this new project.

10. I observe that provision has been made under Head XVI for certain construction and maintenance work for the Trans-Jordan Frontier Force. All expenditure on or relating to personnel whose duties are connected with the Trans-Jordan Frontier Force should be included in the Palestine and not in the Trans-Jordan estimates. The necessary adjustment as between the estimates of the two Governments will no doubt be made.

11. In view of Lord Plumer's representations that the large increase in the provision under Head XVIA is necessary not only to maintain the roads in a good state of repair, but also to relieve the situation brought about by the drought and the locust plague, I accept the provision made under this Head; but I must point out that it will probably be necessary to effect substantial reduction in expenditure under this Head in future years.

12. I note from Lord Plumer's despatch No. 67 of the 13th of June† that it will be necessary to increase the provision under Head XX by a sum of £P.96 in order to maintain wireless communication with Azraq.

13. I am gratified to learn that it has been found possible to reduce the expenditure on the Police and Prisons Department, and I recognise that the situation on the Syrian frontier and the generally unsettled state on the Eastern frontier at present prevent you from carrying out any further reductions in that Department.

14. I observe that a sum of £P.100 has been provided under Head XXI as subsidies to Shaikhs. In view of the information given in paragraph 5 of Lord Plumer's despatch No. 74 of the 26th of June,‡ I am not clear that this sum is adequate.

15. As regards the provision for Public Works Extraordinary under Head XXVIII, I have only one comment to make. On Lord Plumer's recommendation I decided last year that the provision for the resumption of borings for water in Meshetta could not be allowed, and, as the reconnaissance which it is proposed to undertake in that district cannot serve any useful purpose unless money is available to carry out borings subsequently, the provision of £250 for a water reconnaissance at Meshetta under Item XVII should be deleted.

I have, &c.,
L. S. AMERY.

* No. 58 in Middle East No. 15. † C. 59461/28 [No. 1]: not printed.
‡ C. 59466/28 [No. 2]: not printed.

Sub-head F.1. Arabia.—Sundry Political Expenditure.

C 48039/27 [No. 11].

No. 43.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 44.]

Downing Street, 5th November, 1927.

SIR,

I am directed to address you with regard to the provision of £4,000 which has been inserted under Arabia Subhead G.1.—Sundry Political Expenditure—in the draft Estimate of the Vote for Colonial Services 1928.

2. This provision is required to meet expenditure which it is anticipated will have to be incurred on the services detailed below, and also to provide a small margin for contingencies.

(i) Political Mission at Hodeidah: In this connection reference is invited to Sir George Barstow's letter S/2984/2 of the 14th of February, 1927,* conveying Their Lordships' sanction for the provision for this Mission to 31st March, 1928, in the Middle Eastern Services Estimate for 1927 on the understanding that the question of the retention of the Mission would be reviewed in the event of a material change in the relations between His Majesty's Government and the Imam of Sana'a. I am to say that, in the Secretary of State's opinion, the present situation is such as to render desirable the retention of this Mission and that, so far as can be foreseen, there are no prospects of a material change occurring in the near future which would enable the Mission to be discontinued. In the circumstances, provision has been included in the draft Estimate for 1928 for this service on the basis of the proposals sanctioned in Treasury letter S/2984/2 of the 30th September, 1926† (£550).

(ii) Appointment of Civil Administrator, Kamaran, as Political Officer, Southern Red Sea Coast, with Hodeidah Mission under his control.

Their Lordships' sanction for the above appointment was notified in Sir George Barstow's letter S/2984/2 of the 14th June, 1926.‡ The expenditure in connection with this service, which will fall to be met from the Colonial Services Vote, will be limited to travelling expenses that may be incurred by the Civil Administrator in the performance of the above dutes. Similar provision to that made in the current year's Vote for Middle Eastern Services, viz., £200, has accordingly been included in the draft Estimate for 1928.

(iii) Guns and ammunition supplied by the Government of India to the Resident at Aden for issue to the Protectorate tribes.

The sum of £3,000 has been included provisionally for this service, pending the receipt of a reply to the semi-official letter from this Department to the Treasury of the 27th October.§

3. In order to meet expenditure which may arise in respect of any unforeseen political expenditure in Arabia, a further sum of £250, making £4,000 in all, has been included.

4. I am accordingly to request that Their Lordships may be pleased to sanction the provision of £4,000 under Arabia-Sundry Political Expenditure in the Estimate for Colonial Services, 1928, subject to a decision to retain the sum of £3,000 which has been provisionally included in respect of (iii) above.

I am, &c.,
J. E. SHUCKBURGH.

C. 48039/27 [No. 12].

No. 44.

TREASURY to COLONIAL OFFICE.

(S 32598.)

Treasury Chambers, 5th December, 1927.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir John Shuckburgh's letter of the 5th ultimo‖ relative to the provision to be made for Sundry Political Expenditure in Arabia in the Estimate for Colonial Service, 1928, and I am to request you to convey to the Secretary of State for the Colonies the following reply:—

* No. 62 in Middle East No. 15. † C. 18555/26: not printed. ‡ C. 12233/26: not printed.
§ C. 48012/27 [No. 20]: not printed. ‖ No. 43.

My Lords understand that there are no prospects of a material change in the near future in the relations between His Majesty's Government and the Imam of Sana'a and They approve continuation of the Political Mission at Hodeidah subject to reconsideration in July, 1928. They sanction, however, provision being made in the Estimate for a full twelve months' expenditure, viz., £550.

Their Lordships sanction provision of £200 to meet the cost of the continued employment of the Civil Administrator, Kamaran, as Political Officer. Southern Red Sea Coast, with the Hodeidah Mission under his control.

In view of the decision of His Majesty's Government with regard to the administration of Aden, My Lords consider that no payment to the Government of India should be necessary in respect of certain guns, small arms, and ammunition supplied to the Resident at Aden for issue to Protectorate tribes. The provision of £3,000 will be deleted from the Colonial Services Estimate, 1928, accordingly.

I am to add that My Lords sanction provision of £250 as heretofore for miscellaneous unforeseen expenditure in Arabia.

I am, &c.,
F. W. LEITH-ROSS.

C 48039/27 [No. 13].

No. 45.

ADEN.

THE SECRETARY OF STATE to THE RESIDENT.

[*Answered by No.* 46.]

(Confidential.)

Downing Street, 21st January, 1928.

SIR,

I HAVE the honour to refer to my Confidential despatch of the 7th of April, 1927,* regarding the retention of the Political Mission at Hodeidah, and to inform you that I approve the retention of the Mission subject to reconsideration in July, 1928. Provision, amounting to £550 is, however, being made in the estimate for Colonial Service 1928 for a full twelve months' expenditure. I shall be glad if you will report not later than the end of May next whether you consider that the Mission should be maintained.

2. In this connection I have to invite reference to Major Fowle's despatch No. 208 of the 26th of October, 1927,† reporting that the building formerly occupied by the Political Mission had been occupied by the Imamic Government, and to enquire what arrangements have been made to provide other quarters for the Mission in Hodeidah.

3. I take this opportunity to inform you that sanction has been given for provision of £200 to be made in the Estimate for Colonial Service 1928 to meet the cost of the continued employment of the Civil Administrator, Kamaran, as Political Officer, Southern Red Sea Coast.

I have, &c.
(for the Secretary of State),
W. ORMSBY GORE.

C. 59293/28 [No. 2].

No. 46.

ADEN.

THE ACTING POLITICAL RESIDENT to THE SECRETARY OF STATE.

(Received 30th May, 1928.)

(No. 86.)

Aden Residency, 16th May, 1928.

SIR,

WITH reference to your Confidential despatch dated 21st January, 1928,‡ paragraph 1, regarding the Mission at Hodeidah, I have the honour to state that for the reasons stated in this Office letter No. 42 dated 28th February, 1927,§ I consider that the Mission should be maintained until our relations with the Imam are placed on a satisfactory permanent footing or until a Consular Officer is appointed.

* C. 48039/27 [No. 8]: not printed. † C. 48083/27 [No. 1]: not printed.
‡ No. 45. § C. 48039/27 [No. 7]: not printed.

I do not consider that even if a settlement is made with the Imam in the near future it will be possible to withdraw the Mission before the end of December next. In that case, the situation will be reviewed before December next.

I have, &c.,
T. C. W. FOWLE,
Acting Political Resident, Aden.

C. 59293/28 [No. 3].

No. 47.

COLONIAL OFFICE to TREASURY.

Downing Street, 14th June, 1928.

SIR,

I AM directed by Mr. Secretary Amery to refer to Mr. Leith Ross's letter of the 5th December, 1927, No. S. 32598,* and to transmit to you to be laid before the Lords Commissioners of His Majesty's Treasury, the accompanying copy of a despatch† from the Acting Political Resident at Aden regarding the retention of the Political Mission at Hodeidah.

2. I am to request you to inform Their Lordships that Mr. Amery is in agreement with the views expressed by Major Fowle in this despatch, and to state that it is now possible that a settlement of outstanding questions with the Imam of Sana'a may be reached in the near future. In that event, the question of the withdrawal of the Mission will be reviewed before December next.

I am, &c.,
A. J. HARDING.

Sub-head F.2. Aden.

C. 49159/27 [No. 8].

No. 48.

ADEN.

THE SECRETARY OF STATE to THE ACTING RESIDENT.

(Sent 11.50 a.m., 18th October, 1927.)

TELEGRAM.

TREASURY require submission of Estimates for next financial year by 31st October.

Do you see any reason to vary figures given for 1927-28 in enclosure to your despatch 65 of 30th March.‡

We are still awaiting concurrence of Government of India in the allocation proposed therein as between political and civil.

Reply by telegram by 25th October.—AMERY.

C. 49159/27 [No. 11].

No. 49.

ADEN.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 8.45 p.m., 20th October, 1927.)

TELEGRAM.

[*Answered by Nos.* 50 *and* 52.]

YOUR telegram 203 of 19th October.§ Please telegraph in advance of your despatch your estimate of expenditure 1928-29 for (A) Civil and (B) Protectorate.

Corresponding figures for 1927-28 were (A) Rupees 30,62,469, (B) 2,88,862.

Are there any other charges debitable to His Majesty's Government next year apart from Military and Air defence charges? If so, please specify.—AMERY.

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* No. 44. † No. 46. ‡ No. 74 in Middle East No. 15. § C. 49159/27 [No. 10]: not printed.

C. 48078/27 [No. 1].

No. 50.

ADEN.

THE ACTING RESIDENT to THE SECRETARY OF STATE.

(Received 6 p.m., 22nd October, 1927.)

TELEGRAM.

No. 206. 22ND OCTOBER. Your telegram of 20th October,* statement sent to you by last mail showing revised figures of expenditure for 1927-28. These are (*a*) Civil Rs.11,34,589 and (*b*) Protectorate Rs.1,63,067, instead of Rs.30,62,469 and Rs.2,88,862. The difference in revised figures is due mainly to omission of local funds under (*a*) and durbar presents and political pensions and stipends under (*b*) *vide* items 44 and 45 and 28 and 29 of statement accompanying my despatch of 30th March No. 65.† Sum of Rs.70,000 for durbar presents and Rs.79,500 for territorial and political pensions should be added to Rs.1,63,067 *vide* my despatch of 27th September No. 189.‡

Figures of estimated expenditure for 1928-29 are not available at present, but are being collected and will be telegraphed to you before 31st October.

It is not anticipated that there will be much difference between figures for 1927-28 and 1928-29. Estimated expenditure for 1928-29 could therefore be safely based on figures for 1927-28.

No other charges debitable to His Majesty's Government are anticipated except those on account of Political Office at Hodeidah, amounting to Rs.3,216 for establishment and £300 for Intelligence.

C. 48073/27 [No. 2].

No. 51.

ADEN.

THE SECRETARY OF STATE to THE ACTING RESIDENT.

[*Answered by No.* 54.]

(No. 112.)

SIR,

Downing Street, 28th October, 1927.

I HAVE the honour to acknowledge the receipt of your despatch No. 189 of the 27th of September§ enclosing statements showing the territorial and political pensions of Yemen (Aden Protectorate) stipendiaries and the pensions paid to Heads of Tribes. According to those statements, the total annual amount to be paid is Rs.79,500, and I presume that this figure should be substituted for the figure of Rs.86,000 given in item 29 of the table of expenditure which accompanied Major-General Stewart's despatch No. 65 of the 30th of March.‖

2. My attention has been called to the fact that under the agreement entered into with the Sultan of Lahej in 1882 for the purchase of Shaikh Othman, the amount of the monthly subsidy to that Sultan was increased as one of the considerations for the cession of the territory described in that agreement. If, as presumably is the case, the increase of the subsidy then granted to the Sultan is included in the amount of the pension now paid to him, it would seem that so much of the pension is chargeable against the Indian Government, since the territory transferred will remain in the hands of that Government.

3. I shall be glad if you will consider this point and will inform me whether any part of the pension now paid to the Sultan of Lahej is in compensation for the cession of Sheikh Othman; and will consider also whether any other of the pensions and stipends have been based upon considerations with which the Government of India, as responsible for the Aden Settlement, are alone concerned. I shall be glad if, at the same time, you will inform me of the circumstances in which miscellaneous compensation is paid to certain heads of tribes, as shown in items 9, 10, and 11 of the statement (A) accompanying your despatch.

4. I shall address you further on the subject of the Durbar Presents.

I have, &c..
(for the Secretary of State),
W. ORMSBY GORE.

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* No. 49. † No. 74 in Middle East No. 15. ‡ C. 48073/27 [No.1]: not printed.
§ C. 48073/27 [No. 1]: not printed. ‖ No. 74 in Middle East No. 15.

C. 48078/27 [No. 4].

No. 52.

ADEN.

THE ACTING RESIDENT to THE SECRETARY OF STATE.

(Received 4.8 p.m., 3rd November, 1927.)

TELEGRAM.

212, 3RD NOVEMBER. My telegram of 22nd October, No. 206.* Figures of estimated expenditure for 1928 to 1929 are (*a*) Civil—Rupees 15,45,530, and (*b*) Protectorate—Rupees 3,14,223. Statement showing all details is being sent by post. Increase under (*a*) is due mainly to estimated expenditure on Civil works. Figures under (*b*) do not include charges mentioned in the last paragraph of my last telegram. I regret that it was not possible to telegraph the figures before 31st October as promised.

C. 48078/27 [No. 5]

No. 53.

COLONIAL OFFICE to TREASURY.

SIR, Downing Street, 10th November, 1927.

I AM directed to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copies of telegrams† received from the Resident at Aden regarding the provision under Arabia Sub-head G2, Aden, in the draft Estimate for Colonial Services, 1928.

2. As Their Lordships are aware, by a recent Cabinet decision the Vote for the Middle Eastern Services will come to an end on 31st March next, the Defence charges being transferred to Army and Air Votes as the case may be. Consequently, Defence charges in connection with Aden have not been provided for under the above Sub-head, and the amount inserted represents the estimated political expenditure only, calculated as indicated in the following paragraphs.

3. Their Lordships will observe from the telegram dated 22nd October‡ that the Resident's revised estimate of expenditure on Protectorate or Political Services for 1927 is Rs.3,12,567 (Rs.1,63,067 plus Rs. 70,000 for Durbar presents, and Rs.79,500 for territorial or political pensions). This estimate is calculated on the basis proposed by the Resident for allocating the expenditure of Aden as between Settlement or Civil expenditure and Protectorate or Political expenditure. In this connection reference is invited to the letter from this Office of the 5th May§ forwarding a copy of a letter‖ addressed on 3rd May to the India Office on the subject of this allocation. No reply has yet been received from the India Office to that letter and, in the absence of a decision in the matter, the Resident's estimate of Rs.3,12,567 for political expenditure in respect of 1927 must be regarded as purely provisional. To that amount should be added the cost of hiring a vessel for the maintainance of the Red Sea Lighthouses and for military reliefs, &c., a moiety of which will presumably fall to be borne by the Middle Eastern Services Vote, 1927, less a moiety of the Board of Trade contribution of Rs.50,000 referred to in the last paragraph of the letter from this Office to the India Office of 3rd May.

4. The Resident's estimate for 1928 is forwarded in his telegram dated 3rd November¶ which forms the second enclosure to this letter. Their Lordships will observe that the Political or Protectorate expenditure will, if the basis of allocation referred to in paragraph 3 is eventually adopted, amount to Rs. 3,14,223, or £23,566 converted at the rate of 1/6 to the Rupee.

Having regard to the letter addressed to your Department by the Board of Trade on the 28th September, No. M.12472/27, regarding the proposed transfer of the Ex-Turkish lighthouses in the Red Sea to the Ottoman Lighthouse Company with effect from 1st December, 1927, it would appear that no contribution from the Board of Trade towards the cost of hiring a vessel for the use of the Resident and for military reliefs will be received in 1928-29 and the sum of Rs.57,500, or £4,312, has provisionally been inserted under this Sub-head, making a total of £28,000.

* No. 50. † Nos. 50 and 52. ‡ No. 50. § C. 48020/27 [No. 27]: not printed.
‖ No. 75 in Middle East No. 15. ¶ No. 52.

5. A further sum of £20,000 has been included in the amount to be provided in view of the decision recently taken by the Cabinet in connection with the Garrison at Aden, viz., that tribal levies should be raised. The above figure is the rough estimate of the cost of this service furnished by the Treasury Committee on the cost of Aden, and, pending a decision as to whether this expenditure should be borne on the Vote for Colonial Services or on Air Votes, the amount has been included in Sub-head G2 of the draft Estimate for Colonial Services.

6. The total provision required on the basis of the foregoing is therefore £28,000 plus £20,000, or £48,000, but a sum of £50,000 has been provisionally inserted leaving a margin of £2,000 in view of the possibility of adjustments in the proposed basis of allocation of Aden expenditure.

7. I am accordingly to request that Their Lordships may be pleased to approve the inclusion of £50,000 under Arabia Sub-head G2, Aden, in the Estimate of the Vote for Colonial Services, 1928, on the understanding that the inclusion of the amount inserted for tribal levies, viz., £20,000, is provisional, and that this amount will be deleted and the total provision reduced to £30,000 in the event of a decision that the expenditure in question should be borne on Air Votes. Should the item for Tribal Levies be ultimately included in the Estimate for Colonial Services, Their Lordships may desire to consider whether it should form the subject of a separate Sub-head.

8. I am to add that a separate communication will be addressed to Their Lordships on the subject of the allocation of the contribution of £250,000 from India towards the military and political charges in connection with Aden as between Army, Air, or Colonial Services Votes.

I am, &c.,
J. E. SHUCKBURGH.

C. 59261/28 [No. 1].

No. 54.

ADEN.

THE POLITICAL RESIDENT to THE SECRETARY OF STATE.

(Received 9th January, 1928.)

(No. 242.)

SIR, Aden Residency, 28th December, 1927.

WITH reference to your despatch No. 112 dated the 28th October, 1927,* on the subject of the payment of stipends to the Arab Chiefs in the Aden Protectorate, I have the honour to state that the presumption in paragraph 1 thereof is correct.

2. With regard to paragraphs 2 and 3 of the despatch, I forward herewith a statement showing the monthly stipends paid to Chiefs in the Aden Protectorate chargeable to His Majesty's Government and the Government of India.

3. The additional stipend of 1,100 dollars (Rs.2,200) per mensem shown in column 5 of the statement which is paid to the Abdali Sultan under the agreement entered into with him in 1882 for the purchase of Sheikh Othman, is made up, as stated in the Agreement, as follows:—

(1) Profit of water 600 dollars Rs.1,200
(2) Profit of salt 500 dollars Rs.1,000

This amount which is paid to the Sultan in compensation for the cession of Sheikh Othman is apparently chargeable to the Indian Government, since the territory transferred will remain in the hands of that Government.

4. No other stipends paid to the Arab Chiefs have been based upon considerations with which the Government of India, as responsible for the Aden Settlement, are alone concerned.

5. The three heads of tribes mentioned in the concluding sentence of paragraph 3 of your despatch and shown in items 9, 10, and 11 of the attached statement are paid monthly stipends of Rs. 80, 50, and 60 respectively in consideration of the agreements entered into with them in 1871. The agreements are at pages 101 to 103 of Volume XIII, Aitchison's Treaties.

I have, &c.,
K. STEWART, Major-General,
Political Resident, Aden.

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* No. 51.

Enclosure in No. 54.

STATEMENT SHOWING MONTHLY STIPENDS PAID TO ARAB CHIEFS IN THE ADEN PROTECTORATE.

Serial Nos.	*Names of the Head of the Tribe.*	*Monthly Amount payable.*	*Debitable to Political.*	*Debitable to Civil.*
1	2	3	4	5
1.	Sh. Fadal Abdulla, younger son of the late Sh. Abdulla Ba Haidra Mahdi Sh. of the Akrabi	80 0 0	80 0 0	0 0 0
2.	Sh. Mohamed Saleh Al-akram, Chief of Kotaibi	100 0 0	100 0 0	0 0 0
3.	H.H. Sultan Sir Abdul Karim Fadal Ali the Abdali, K.C.I.E.	3,282 0 0	1,082 0 0	*2,200 0 0
4.	Sh. Abdunabi bin Ali Nasher Alawi...	100 0 0	100 0 0	0 0 0
5.	Sultan Mohsin Ali Mana the Haushabi	400 0 0	400 0 0	0 0 0
6.	Shaikh Abd bin Mokbil Hasson Imad Al Jarewi	7 0 0 *2 0 0	9 0 0	0 0 0
7.	Amir Naser Shaif of Dthala	800 0 0	800 0 0	0 0 0
8.	Abdulla Hussain of Fadli Tribe ...	360 0 0	360 0 0	0 0 0
9.	Shaikh Saleh bin Awadth Rajai ...	80 0 0	80 0 0	0 0 0
10.	Shaikh Mohamed bin Shaheeher Sef Mansoori	50 0 0	50 0 0	0 0 0
11.	Sh. Ali bin Morshed bin Naser as-Shaikh of the Makhdumi Section ...	60 0 0	60 0 0	0 0 0
12.	Sh. Ahmed bin Awadth bin Mohamed Badas of Irka	30 0 0 *4 0 0	34 0 0	0 0 0
13.	Sh. Mohsin bin Farid bin Naser El-Yeslami El-Aulaki (Upper Aulaki)	120 0 0	120 0 0	0 0 0
14.	Sultan Saleh Bin Abdulla bin Awadth-Abdulla Upper Aulkaki Sultan of Nisab	200 0 0	200 0 0	0 0 0
15.	Sharif Ahmed Am Mohsin of Behan El Kassab	60 0 0	60 0 0	0 0 0
16.	Abdul Behman bin Kassim As-Sakkaf Sh. of the Muflahi Section of the tribe Yaffaias Suffal	80 0 0	80 0 0	0 0 0
17.	Sh. Salim bin Saleh bin Atif Jaber and his brother Amir Muthana bin Atif Jaber the Dhubi	80 0 0	80 0 0	0 0 0
18.	Sultan Abdulla bin Issa bin Ahmed Saood bin Afiri of Scotra	80 0 0	80 0 0	0 0 0
19.	Sultan Ghalib Awadth Al Kayti ...	60 0 0	60 0 0	0 0 0
20.	Sultan Kassim bin Ahmed the Audali	80 0 0	80 0 0	0 0 0
21.	Sh. Motahar Mana Ali Mohsin Ali Abdulla, Chief of the Sakladi Section of the Shaibi Tribe	20 0 0 *3 0 0	23 0 0	0 0 0
22.	Bukak Ali Askar and Mohamed Mohsin Askar	100 0 0	100 0 0	0 0 0
23.	Sh. Mohamed Mohsin Galeb	20 0 0 *3 0 0	23 0 0	0 0 0
24.	Sultan Ali bin Mohsin bin Saleh Balahaf	60 0 0	60 0 0	0 0 0
25.	Sh. Mohamed Ali bin Ahmed Am Tomi the Barhami	50 0 0	50 0 0	0 0 0
26.	Sultan Saleh Omer of the Upper Yafai	100 0 0	100 0 0	0 0 0
27.	Sultan Naser Talib Ali Wahdi of Bir Ali	60 0 0	60 0 0	0 0 0
28.	Sh. Awadth bin Saleh Chief of Haura	30 0 0 *4 0 0	34 0 0	0 0 0
29.	Sultan Munasar bin Ali Lower Aulaki	60 0 0	60 0 0	0 0 0
	Total	6,625 0 0	4,425 0 0	2,200 0 0

* Paid in compensation for water and salt rights at Sheikh Othman under the Agreement of 1882.

C. 48078/27 [No. 9].

No. 55.

COLONIAL OFFICE to TREASURY.

SIR, Downing Street, 30th January, 1928.

I AM directed to refer to the letter from this Department of the 10th of November, 1927,* regarding the provision under Sub-head G.2, Aden, in the Colonial Services Estimate, 1928, and to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a despatch† from the Resident at Aden forwarding a detailed statement of the estimated expenditure on non-military services for the year 1928-29.

2. Their Lordships will doubtless agree that this estimate cannot be finally determined until the views of the Government of India on the proposed allocation of the local non-military expenditure in respect of Aden as between British and Indian funds are received. The Secretary of State accordingly proposes to await the receipt of a reply from that Government in regard to the proposals put forward by the Resident at Aden in this connection which formed the subject of the letter from this Department of the 5th of May, 1927,‡ and which the Government have been urged to furnish without further delay.

3. I am to take this opportunity to enclose, for Their Lordships' information, the accompanying copy of a despatch§ from the Resident at Aden on the subject of the payment of stipends to the Arab Chiefs in the Aden Protectorate. A copy of the Secretary of State's despatch No. 112 of the 28th of October,‖ to which this despatch replies, was forwarded to the Treasury under cover of the letter from this Department of the 28th of October.¶

I am, &c.,
J. E. SHUCKBURGH.

Sub-head N. Appropriations-in-Aid.

C. 49159/27 [No. 16].

No. 56.

COLONIAL OFFICE to TREASURY.

[*Answered by Nos.* 57, 58, and 59.]

SIR, Downing Street, 5th December, 1927.

I AM directed to refer to the draft Estimate of the Vote for Colonial Services, 1928, and to request you to lay before the Lords Commissioners of the Treasury the following explanations in regard to the items which have been included under Sub-head M—Appropriations-in-Aid—and under the head "Extra receipts payable to His Majesty's Exchequer (Cash)."

Sub-head M.—Contribution from the Government of India towards the military and political charges in connection with Aden.

As Their Lordships are aware the contribution payable in respect of 1928 will as at present arranged amount to £250,000. In view, however, of the Cabinet decision that defence charges should be transferred in that year to Army and Air Votes, as the case may be, it is assumed that a proportion, if not the whole, of this sum should be credited to the Vote by which the defence expenditure will be borne. Having regard to the fact that, of the total provision of £509,000 made in the current year's Vote for Middle Eastern Services for political and defence expenditure in respect of Aden, the sum of £460,000, or approximately nine-tenths of the total provision, represents the estimated Military and Air Force expenditure, the Secretary of State would not be disposed to raise any objection to consider the whole of the contribution payable in 1928 being credited to those Votes on which the defence expenditure is borne. The matter is being taken up with the Air Ministry and War Office and a further communication on this point will be addressed to you in due course. In the meantime, no receipt has been included for this item under Sub-head M.

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* No. 53. † C. 48078/27 [No. 8]: not printed. ‡ C. 48020/27 [No. 27]: not printed.
§ No. 54. ‖ No. 51. ¶ C. 48073/27 [No. 3]: not printed.

Contribution from Palestine Revenues towards cost of Defence.

Under the arrangements set out in Sir George Barstow's letter of the 5th of April, 1927 (No. S. 28724/2)* a contribution is payable by the Palestine Government in 1928 and subsequent years towards the cost of the British forces stationed in Palestine and Trans-Jordan of an amount representing the excess of the cost of such forces over what their cost would be if they were stationed in Great Britain. In view of the present unfavourable condition of Palestine finances, the question has arisen of seeking Their Lordship's sanction to waiving this contribution in 1928, and in this connection I am to refer to a letter on this subject dated 16th November† addressed by Mr. Ormsby Gore to the Chancellor of the Exchequer. Pending a decision on this question no receipt has been included in respect of this item under Sub-head M.

*Miscellaneous receipts in connection with Sub-head E.*1

It is anticipated that the probable receipts in 1928 will amount to £600 and this amount has been accordingly included. A similar sum is shown in the Middle Eastern Services Vote, 1927, and on the information available it is estimated that this sum will be realised.

*Sales of equipment, &c., Fines, &c., in connection with Sub-head E.*3.

A sum of £2,000 has been included representing the estimated total miscellaneous receipts from clothing, fines, &c., together with rebates on passages taken during the current year, viz., £500, plus £1,500 in respect of sales of surplus Levy stores and buildings. The latter figure is purely provisional as details of the buildings and stores which are likely to be thrown up for disposal during 1928 are not available, and moreover the terms of transfer of such buildings and stores to the 'Iraq Government have yet to be settled.

Extra receipts (Cash).—Port of Basrah: Interest and Sinking Fund on account of assets taken over by the Port Authority.

The receipts in 1928 are estimated at £40,565 and this sum has been included.

Share of profit on the working of the Kantara-Rafa Railway.

It is not possible on the information available to estimate the amount of the profits, if any, which may be expected to accrue during 1928 from the working of this Railway, and, in the circumstances, no receipt has been included for this item.

Kamaran Quarantine Station:—Repayment on account of advances.

As the result of an enquiry which has been addressed to the India Office as to whether an estimate can be given of the receipts, if any, which may be expected to accrue to British revenues during 1928 under the Anglo-Dutch Agreement regarding the Kamaran Quarantine Station, I am to say that, whilst no estimate can be given at this stage which is of much value, the Government of India now estimate that approximately Rs.25,000 may be payable out of the Kamaran Quarantine Station Funds on 1st January, 1929, for division between Imperial and Indian revenues. I am to ask, therefore, that, subject to Their Lordships' approval, the sum of £900 (the approximate equivalent of Rs.12,500) may be inserted in the draft estimate on this account.

I am, &c.,
J. E. SHUCKBURGH.

C. 49159/27 [No. 17].

No. 57.

TREASURY to COLONIAL OFFICE.

(S. 28724/2.)

SIR, Treasury Chambers, 17th December, 1927.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir John Shuckburgh's letter of the 5th instant‡ relative to the provision to be made for Appropriations in-Aid of the Estimate for Colonial Services, 1928.

* No. 53 in Middle East No. 15. † C. 44102/27 [No. 38]: not printed. ‡ No. 56.

In reply I am to request you to inform the Secretary of State that following the recent correspondence between the Chancellor of the Exchequer and Mr. Ormsby Gore, My Lords would now be glad to receive an estimate of the amount payable by the Government of Palestine towards the cost of defence, in accordance with the arrangements embodies in Treasury letter of 5th April last.*

I am, &c.,
R. V. NIND HOPKINS.

C. 49159/27 [No. 19].

No. 58.

TREASURY to COLONIAL OFFICE.

(F. 10407.)

SIR, Treasury Chambers, 23rd December, 1927.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir John Shuckburgh's letter of the 5th instant† relative to the provision to be made for Appropriations-in-Aid in the Estimate for Colonial Services, 1928.

In reply I am to request you to inform the Secretary of State that My Lords note generally his observations and They desire to observe with reference to receipts in connection with Sub-head E.3, that They do not contemplate any departure from the arrangements under which stores, &c., no longer required by the 'Iraq Levies have already been transferred to the 'Iraq Government upon generous terms, and They propose to provide for receipts on this basis during 1928-29.

I am accordingly to request that They may be furnished with a revised estimate of these receipts.

I am, &c.,
R. V. NIND HOPKINS.

C 59025/28 [No. 1].

No. 59.

TREASURY to COLONIAL OFFICE.

(S. 21238/02.)

SIR, Treasury Chambers, 9th January, 1928.

I AM directed by the Lords Commissioners of His Majesty's Treasury to refer to Sir John Shuckburgh's letter of the 5th ultimo† relative to the Appropriations-in-Aid of the Estimate for Colonial and Middle Eastern Services, 1928.

In further reply I am to request you to inform the Secretary of State that My Lords agree that the whole of the £250,000 to be paid by the Government of India in respect of Aden should be appropriated in aid of the Votes on which the defence expenditure in respect of Aden is borne.

I am, &c.,
R. V. NIND HOPKINS.

C. 49159/27 [No. 18].

No. 60.

COLONIAL OFFICE to AIR MINISTRY.

[*Answered by No.* 61.]

SIR, Downing Street, 10th January, 1928.

I AM directed to refer to Mr. McAnally's letter of the 18th of May, 1927,‡ on the subject of the extra cost involved in stationing British Air Forces in Palestine and Trans-Jordan over and above their cost if stationed in Great Britain, and to enquire whether the Air Council see any reason to vary the figures contained therein, and, if so, to what extent, for the calendar year ending 31st December, 1928.

I am, &c.,
J. E. SHUCKBURGH.

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* No. 53 in Middle East No. 15. † No. 56. ‡ C. 49091/27 [No. 4]: not printed.

C. 59025/28 [No. 2].

No. 61.

AIR MINISTRY to COLONIAL OFFICE.

SIR, Air Ministry, London, W.C.2, 24th January, 1928.

IN reply to your letter of 10th January, 1928,* relative to the extra cost of stationing British Air Forces in Palestine and Trans-Jordan over and above their cost if stationed in Great Britain, I am directed to inform you that the extra cost for the financial year ending 31st March, 1929, is now estimated at £30,000 and that there appears to be no reason for varying this figure in respect of the calendar year ending 31st December, 1928.

I am, &c.,
L. V. MEADOWCROFT.

C 49159/27 [No. 20].

No. 62.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 5 p.m., 26th January, 1928.)

TELEGRAM.

[*Answered by No.* 64.]

No. 46. PLEASE telegraph estimate of receipts in financial year 1928-29 from sale of surplus Levy stores, buildings and animals to 'Iraq Government on terms in my despatch No. 59 of 19th January.† Figure is required for inclusion in Estimates. —AMERY.

C 59025/28 [No. 3].

No. 63.

COLONIAL OFFICE to AIR MINISTRY.

SIR, Downing Street, 11th February, 1928.

I AM directed to refer to the Cabinet decision that certain of the defence charges borne on the Middle Eastern Services Vote should be transferred in 1928 to Army and Air Votes, as the case may be, and to transmit to you, to be laid before the Air Council, the accompanying copy of a letter‡ from the Treasury intimating that Their Lordships agree that the whole of the contribution of £250,000 payable by the Government of India in 1928 towards the military and political charges in connection with Aden should be appropriated in aid of the Votes on which defence expenditure in respect of Aden is borne.

2. I am to say that, in view of this decision, no sum will be included in respect of the above contribution in the Estimate of the Vote for Colonial and Middle Eastern Services, 1928.

3. A copy of this letter is being sent to the War Office.

I am, &c.,
J. E. SHUCKBURGH.

C. 59025/28 [No. 11].

No. 64.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 8.50 p.m., 16th February, 1928.)

TELEGRAM.

No. 92 OF 16TH FEBRUARY. Your telegram of 15th February No. 73.§ Total amount expected to be realised for Levy stores, &c., sold to 'Iraq Government is Rupees one lakh 75,000 but I hope to obtain payment of Rupees one lakh during the present financial year. This will leave Rupees 75,000 to be recovered during 1928-29.

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* No. 60 † C. 58047/28 [No. 9]: not printed. ‡ No. 59. § C. 49159/27 [No. 22]: not printed.

M.E Estimates —Gp. 6. 18980/2152. 30. 3/29 (82329) M. & S

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Printed for the use of the Colonial Office.

Middle East
No. 20.

Papers

[1922—1930]

RELATING TO THE

Claim of the Ottoman Tobacco Régie.

(Continued by Middle East No. 44.)

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Middle East
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Claim of the

Ottoman Tobacco Régie.

(*Continued by Middle East No. 44.*)

TABLE OF CONTENTS.

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1922	
1 The French Embassy to the Foreign Office ... March 20 (Rec. in Colonial Office March 24)	States that the French Government consider that, failing an amicable settlement, the differences between the Ottoman Tobacco Régie and the British Government should be submitted to arbitration. The Régie has no objection to arbitration other than Colonel Mance, and is agreeable to the claim in respect of Mesopotamia being submitted at the same time as that in respect of Palestine 1
2 Foreign Office to French Embassy ... ... April 4 (Rec. in Colonial Office April 6)	States that His Majesty's Government continue to hold the view that, failing an amicable settlement, the claim of the Ottoman Régie should be submitted to arbitration 1
3 Foreign Office to French Embassy ... November 3 (Rec. in Colonial Office November 6)	States that the attention of the competent department has been drawn to the report that the rights of the Ottoman Régie in Trans-Jordania have been abrogated by local decree, and the results of the inquiries which will be instituted by that department will be communicated in due course 1
1925	
4 French Embassy to Foreign Office ... ... June 4 (Rec. in Colonial Office June 16)	Protests against the alleged termination of the concession granted to the Ottoman Régie in Trans-Jordan 2
5 French Embassy to Foreign Office ... ... August 21	Inquires what steps His Majesty's Government propose to take in regard to the claims of the Régie in respect of the action taken by the authorities in 'Iraq, Palestine, and Trans-Jordan 2
1926	
6 Foreign Office to French Embassy ... January 15 (Rec. in Colonial Office January 23)	States that if the Régie are now prepared to formulate a detailed claim, it will receive careful consideration 3
7 French Embassy to Foreign Office ... ... February 24 (Rec. in Colonial Office March 13)	Transmits notes prepared by the Régie showing the manner in which they have been deprived of their concessions and giving details of their claims, together with a further note regarding the validity of the concession of the 4th August, 1913 3
8 French Embassy to Foreign Office ... ... September 22 (Rec. in Colonial Office September 24)	Requests that the views of His Majesty's Government concerning the claims of the Régie may be furnished as early as possible for transmission to the French Government 10
1927	
9 ... ... January 12 (Rec. in Colonial Office January 31)	Note by Mr. B. H. Bourdillon giving a brief history of the case 10
10 Foreign Office to French Embassy ... ... May 20 (Rec. in Colonial Office May 21)	Asks to be supplied with copies of the correspondence which led up to the conclusion of the Convention of 4th August, 1913, between the Régie and the Turkish Government 13
11 French Embassy to Foreign Office ... ... June 17 (Rec. in Colonial Office June 24)	Transmits copies of the correspondence requested in No. 10 14
12 ... ... August 15 (Rec. in Colonial Office September 29)	Copy of case as submitted to Count Ostrorog for Opinion on 15th August, 1927 16
13 ... ... September 22 (Rec. in Colonial Office September 29)	Opinion of Count Ostrorog 18

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Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1928	
14 To Foreign Office, Treasury, and Board of Trade February 8	Indicates the questions which should be considered by the Conference which is to be held to consider the matter. Also points out that, apart from the question of the counter-claim of Palestine against the Society for customs duty, the Governments of Palestine and Trans-Jordan also claim the portion of profits due to the Turkish Government from the 30th of October, 1918, until the cancellation of the monopoly in April, 1921 20
15 Colonial Office ... February 9	Minutes of an Inter-departmental Conference held on the subject of the Régie's claim 21
16 To the High Commissioner and the Officer administering the Government 'Iraq, Telegram 71 Palestine, Telegram 21 February 11	Requests views on the Régie's claim, and asks whether it is desired that the claim be dealt with by His Majesty's Government 23
17 The High Commissioner, 'Iraq, Confidential January 31 (Rec. February 13)	Transmits signed statements regarding the operations of the Régie during the Turkish regime 23
18 To the Officer administering the Government and the High Commissioner Palestine, Confidential 'Iraq, Confidential (D) February 17	Asks to be furnished with the information indicated in regard to the claim 25
19 The High Commissioner, 'Iraq, Telegram 91 February 16 (Rec. February 16)	Inquires if it could be ascertained whether the Régie would be prepared to entertain a concession in 'Iraq as compensation for their claim 26
20 To Foreign Office, Treasury, Board of Trade, Treasury Solicitor February 20	Transmits copies of Nos. 15 and 18 26
21 Foreign Office to French Ambassador .. February 13 (Rec. in Colonial Office February 24)	States that His Majesty's Government are now in a position to discuss the claim of the Ottoman Tobacco Régie, and suggests that the Solicitors acting for the liquidator of the Régie should communicate with the Treasury Solicitor 26
22 To the High Commissioner, 'Iraq, Telegram 89 February 25	In reply to No. 19, states that the question of granting a concession in 'Iraq cannot be raised now without prejudicing the case of Palestine and Trans-Jordan as well as that of 'Iraq, but suggestion could be brought forward at some later stage 27
23 The High Commissioner, Palestine, Confidential C. March 2 (Rec. March 12)	States that Palestine and Trans-Jordan desire to be represented by His Majesty's Government in the discussions regarding the Régie's claim. Submits various considerations which are relevant to the matter 27
24 Mr. G. Stuart-King (Treasury Solicitor) to Mr. J. H. Hall ... March 16	Transmits copy of a letter from the Régie's solicitors regarding the ownership of the Society's shares between 1914 and 1923, and states that the Board of Trade have been requested to produce the correspondence referred to 28
25 French Embassy to Foreign Office ... ... March 8 (Rec. in Colonial Office March 19)	States that the Régie have accepted the offer of discussion of the claim, and that arrangements are being made for the London representatives of the Régie to commence negotiations with His Majesty's Government 29
26 The High Commissioner, 'Iraq, Telegram 188 March 29 (Rec. March 29)	States that the 'Iraq Government desires the Treasury Solicitor to undertake negotiations with the Régie's legal representative with a view to settlement on condition that the terms of suggested settlement are communicated to them for consideration before finally concluding 30

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1928	
27 Mr. G. Stuart-King (Treasury Solicitor) to Mr. J. H. Hall ... ... March 30	Transmits copy of a letter from the Board of Trade enclosing correspondence regarding the nationality of the Régie, and submits observations on the question of arbitration 30
28 Mr. S. D. Waley (Treasury) to Mr. G. Stuart-King (Treasury Solicitor) April 3	States that it seems clear that the Régie's property was released in virtue of an assurance that the control of the Company was in French hands, but thinks it quite legitimate to ask the Company to furnish definite and detailed proofs of this 34
29 Mr. J. H. Hall to Mr. G. Stuart-King (Treasury Solicitor) ... ... April 13	Replies to the points raised in No. 27 and encloses copy of No. 26. Prefers that no further communication be sent to the Society's solicitors until the views of the 'Iraq Government have been received and considered 34
30 The High Commissioner, 'Iraq, Confidential ... April 7 (Rec. April 16)	Transmits, with observations, copies of memoranda prepared by the Ministries of Finance and Justice 34
31 To Treasury ... ... April 24	Transmits a copy of No. 30, and considers that it would be difficult to decline to accept liability, in principle at least, for compensation granted in respect of the period prior to 1st April, 1931. Presumes that, in the event of the Society withdrawing their claim in respect of 'Iraq in return for the grant of a concession, no liability in respect of 'Iraq would fall on His Majesty's Government 40
32 Treasury ... ... August 30	Agrees with the presumption in No. 31, but does not feel able to enunciate any principle regarding the incidence of liability beyond that already communicated to the High Commissioner for 'Iraq 41
33 To the High Commissioner, 'Iraq, Confidential A. October 3	States that at this stage no advantage is seen in discussing the question of liability for any sum which may be paid as compensation, but requests that the 'Iraq Government be informed that, so far as the claim relates to 'Iraq, His Majesty's Government are of opinion that no liability can rest on British Funds. 41
1929	
34 Mr. T. K. Bewley (Treasury) to Mr. J. H. Hall February 22	Transmits copy of a letter from the Treasury Solicitor forwarding a copy of a letter received from the Solicitors to the Tobacco Régie submitting figures in support of the claim of the Régie. Indicates views as regards the information supplied by the Solicitors 41
35 To the Acting High Commissioner, 'Iraq, Confidential ... ... March 25	Requests to be informed whether the taxes, the right to collect which was given to the Société have been continued in 'Iraq, and if so, upon what basis ... 44
36 To the High Commissioner, Palestine, Confidential March 25	Presumes from No. 23 that it would not be possible to produce figures to support the contention that the post-war profits of the Société would have been smaller than their pre-war profits 45
37 Mr. S. Robinson to Mr. G. Stuart-King (Treasury Solicitor) ... ... March 25	Refers to No. 34 and suggests further points which might be examined. Agrees that it is necessary to consider 'Iraq, Palestine, and Trans-Jordan separately 45
38 The High Commissioner, Palestine, Confidential A. April 16 (Rec. April 29)	States in reply to No. 36 that it is not possible to produce the figures referred to 46
39 The High Commissioner, 'Iraq, Confidential June 22 (Rec. July 8)	States in reply to No. 35 that the only information obtainable is the statement of quantities of tobacco subjected to excise in 'Iraq 1921-1928, and for the reasons indicated it is contended that these should be reduced by 20 per cent. Remarks that if the claim is established the 'Iraq Government will endeavour to maintain that it must be based on the value of the Turkish paper piastre 47

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1929	
40 Mr. G. Stuart-King (Treasury Solicitor) to Mr. S. Robinson ... ... July 11	Comments on the result of numerous discussions with the Régie Solicitors and considers that an offer in the neighbourhood of £T.200,000 will have to be considered. Replies to the points suggested in No. 37 and requests instructions 47
41 To the High Commissioner for 'Iraq and the Officer administering the Government of Palestine, Confidential ... ... July 25	States that the Treasury Solicitor has reached the conclusion that the Society's Solicitors are unable to consider an offer of less than £T.200,000 or £T.250,000 gold, and that it is therefore useless to attempt to discuss with them the question of currency, and if recourse to arbitration is to be avoided it will be necessary to offer the Society a sum of not less than £T.200,000. Inquires whether the Treasury Solicitor may be authorised to offer the Society a sum of £T.200,000 gold in settlement of their claim and suggests a division of this amount between the Governments concerned 49
42 To Treasury ... ... August 6	Transmits copy of No. 41 and states that should the claim against Trans-Jordan be settled by a cash payment, the payment will have to be met from British funds, and that the 'Iraq Government have claimed and will, no doubt, continue to claim that any liability admitted in respect of 'Iraq for the period up to 31st March, 1921, rests against His Majesty's Government 51
43 Mr. F. W. Combe (Treasury Solicitor) to Mr. S. Robinson ... ... August 16	Transmits copy of a letter from Messrs. Johnson, Jecks & Co., forwarding an extract from a letter received from the Régie regarding the claim against the 'Iraq Government 51
44 Mr. F. E. Stafford (Financial Secretary) to the President of the Council of Ministers, 'Iraq August 15 (Rec. in Colonial Office September 4)	States that the scale on which the gross profits were divided between the Society of the Ottoman Tobacco Régie, the Ottoman Public Debt, and the Turkish Government was varied by the 1913 Convention and the calculation of claims on the basis of profits obtained by the Society under the earlier convention can therefore be challenged 52
45 The High Commissioner, Palestine, Telegram 281 October 29 (Rec. October 29)	States in reply to No. 41 that the Palestine and Trans-Jordan Governments agree to authorize the Treasury Solicitor to settle the claims on basis proposed, but it will be necessary to supplement the Trans-Jordan grant-in-aid by the amount payable by that Government 53
46 Mr. A. P. Waterfield (Treasury) to Mr. O. G. R. Williams ... November 15	In the circumstances indicated prefers to await the report of the Treasury Solicitor before replying to No. 42 53
1930	
47 High Commissioner, 'Iraq, Telegram 151 ... March 12 (Rec. March 13)	States that the Council of Ministers have decided to reject settlement on the basis proposed by the Treasury Solicitor 53
48 To the High Commissioner, Palestine, Confidential April 2	States that the whole matter will have to be reconsidered owing to the rejection by the 'Iraq Council of Ministers of the settlement on the basis proposed by the Treasury Solicitor 54
49 The Secretary to the Council of Ministers to the Financial Secretary to the High Commissioner, 'Iraq, Confidential, 928 March 19 (Rec. in Colonial Office April 30)	States the reasons why the 'Iraq Government do not agree to the settlement on the basis proposed, but intimates that they agree to bear that portion of the Company's claim as refers to the period after April, 1921, since they have benefited from the taxes on tobacco from that date to the date of the cancellation of the monopoly by the Turkish Government ... 54

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1930	
50 Mr. G. Stuart-King (Treasury Solicitor) to Mr. H. R. Cowell ... ... May 3	States it is useless to make any further attempt to settle the claim and that the question of arbitration must now be considered. Doubts whether the Permanent Court at The Hague would be a satisfactory tribunal in a case of this nature but thinks it probable that a tribunal, constituted of one Arbitrator appointed by each party and an Umpire, will have to be accepted. In this event proposes to secure the agreement of the Company to Mr. Hammerich as Umpire, and suggests Mr. Hill, the English Judge on the Mixed Arbitral Tribunal at Constantinople, as our nominee 55
51 To Treasury ... ... May 21	Transmits copy of No. 49 and requests approval to the reference of the claim to arbitration on the understanding that the primary liability for any payment which may have to be made should lie upon His Majesty's Government; proposes that any fees payable to the arbitrator should be shared equally between the parties, and that each party should bear the cost of presenting its own case 56
52 Treasury ... ... August 8	Agrees, in reply to No. 51 that His Majesty's Government should accede to a request, if and when made by the French Government, for reference of the claim to arbitration and that in such case the parties to the arbitration would be the French Government on behalf of the Society on the one side and His Majesty's Government on behalf of the Governments of 'Iraq, Palestine, and Trans-Jordan on the other. Approves the suggestion that the disputes should, if possible, be referred to the decision of a single Arbitrator, and that Mr. Hammerich would be a suitable nominee. With regard to the pre-April, 1921, liability in the case of 'Iraq, considers that there would be no justification for imposing on the British Exchequer any part of the consequences of an adverse award 57
53 Sir F. H. Humphrys to Nuri Pasha al Sa'id August 12	States that His Majesty's Government are not prepared to accept any final liability whatsoever in regard to the pre-April, 1921, claim, and suggests, in view of the 'Iraq Government's refusal to dispose of the whole claim by a settlement out of Court, reference of this question also to arbitration, in the event of an adverse award on the general claim. States that His Majesty's Government would be prepared to submit this question either to the Arbitrator who has adjudicated upon the Company's claim as a whole or alternatively to some other arbitrator or arbitrators 58
54 Nuri Pasha al Sa'id to Sir F. H. Humphrys ... August 19	Agrees to proposal in No. 53 58
55 Foreign Office ... August 21	Transmits copy of a letter from the French Ambassador protesting, on behalf of the Régie, against the 'Iraq Government's refusal to admit the validity of the Régie's concession 59
56 To Acting High Commissioner, 'Iraq, Secret August 26	Transmits copy of No. 54 60
57 Mr. G. Stuart-King (Treasury Solicitor) to Mr. H. G. Bushe ... September 1	Proposes to reply to the Foreign Office that the negotiations with the Régie were commenced to ascertain the minimum sum which they would be prepared to accept and that no admission has, at any time, been made as to the validity of the Concession; that the question was, in fact, touched upon but was expressly reserved in the course of the negotiations 60
58 Mr. H. G. Bushe to Mr. G. Stuart-King (Treasury Solicitor) ... September 6	Concurs in the terms of the reply to the Foreign Office proposed in No. 57 60

Serial No., From or to Whom, Despatch No., &c., and Date.			Subject and Page No.
		1930	
59	Treasury Solicitor to Foreign Office ...	September 8	Replies as proposed in No. 57 and requests that the matter may be explained to the French Ambassador in order that no misapprehension may hereafter arise as to the position with regard to the negotiations in question 61
60	Foreign Office ...	October 7	Suggests, in replying to the French Ambassador's note, in view of the apparent impossibility of disposing of this question, that a formal proposal should be made to refer the question, including that of the amount of compensation payable to the Régie, should the latter be able to establish the validity of its concession, to arbitration and comments on the formula that might be used. Considers it would be premature to make mention of the name of Monsieur Hammerich as sole arbitrator, although it is agreed he would be a most suitable arbitrator. Inquires whether it would be desirable to suggest reference to the Permanent Court of International Justice as an alternative to Monsieur Hammerich ... 61
61	To Foreign Office ...	October 30	Considers that the French Government should be urged to agree to the selection of Monsieur Hammerich as sole arbitrator and that it would not be desirable to suggest reference to the Permanent Court of International Justice at The Hague 63
62	To Treasury ...	October 30	Transmits copies of Nos. 53, 54 and 61 and proposes to agree that the parties to the arbitration should be described in the agreement as " the French Government " on the one hand, and " the Government of the United Kingdom acting on behalf of 'Iraq, Palestine, and Trans-Jordan " on the other. States that steps will be taken to obtain the formal agreement of the 'Iraqi Government to refund to His Majesty's Government any expenditure incurred on their behalf in this arbitration 63
63	Treasury ...	November 10	Transmits, in reply to No. 62, copy of a letter to the Foreign Office stating that no objection is seen to the suggested description of the parties to the proposed arbitration. Agrees, in view of the fact that the 'Iraqi Government have agreed to the whole question being referred to arbitration, that the fact that there is a difference of opinion between His Majesty's Government and the Government of 'Iraq regarding the incidence of liability for any compensation which may be awarded to the French Government need not affect the formula 64
64	To Foreign Office	November 14	Conveys, with reference to Nos. 60 and 61, gist of Nos. 62 and 63 65
65	Foreign Office ...	November 14	Transmits copy of a letter to the French Ambassador conveying gist of Nos. 59 and 60 65
66	To High Commissioner, 'Iraq, Secret ...	Novembr 15	Transmits copies of Nos. 60, 61, 62, 63, and 64 and requests that the Government of 'Iraq may be asked formally to signify their agreement to refund any expenditure incurred on their behalf in connexion with the arbitration 67

PAPERS

[1922—1930]

RELATING TO THE

CLAIM OF THE OTTOMAN TOBACCO RÉGIE.

13868/22.

No. 1.

FRENCH EMBASSY to FOREIGN OFFICE.

(Received in Colonial Office, 24th March, 1922.)

[*Answered by No.* 2.]

Ambassade de France à Londres.

L'AMBASSADEUR de France a l'honneur de remercier Son Excellence le Principal Secrétaire d'Etat de Sa Majesté pour les Affaires Etrangères de sa communication du 13 février concernant le différend entre le Gouvernement anglais et la Régie des Tabacs de l'Empire Ottoman, et il n'a pas manqué de la faire suivre à son Gouvernement.

M. Poincaré estime que la principe de l'arbitrage a été formellement reconnu par le Gouvernement de Sa Majesté aussi bien pour statuer sur la réclamation de la Régie des Tabacs que celle de la Compagnie du Chemin de Fer de Jaffa de Jérusalem ainsi qu'il en ressort des notes du Foreign Office du 24 Juin et du 18 juillet 1921. Le Gouvernement français compte donc, qu'à défaut d'un règlement amiable, le différend pendant entre la Régie des Tabacs et le Gouvernement britannique sera soumis à l'arbitrage dont il a accepté le principe.

La Régie des tabacs ottomans ne voit pas d'objections à ce que le Gouvernement britannique désigne un arbitre autre que le Colonel Mance. Elle accepte également que ses réclamations concernant la Mésopotamie soient soumises au tribunal arbitral en même temps que celles qui ont trait à la Palestine. La Direction Générale demande seulement un court délai pour réunir les éléments des réclamations relatives à la Mésopotamie qu'elle se propose de faire parvenir le plus tôt possible au Gouvernement de Sa Majesté.

Le Comte de Saint-Aulaire saisit, &c.

Albert Gate House,
20 mars, 1922.

16346/22.

No. 2.

FOREIGN OFFICE to FRENCH EMBASSY.

(Received in Colonial Office, 6th April, 1922.)

YOUR EXCELLENCY, Foreign Office, S.W.1, 4th April, 1922.

WITH reference to your note of the 20th ultimo,* I desire to assure Your Excellency that His Majesty's Government continue to hold the view that, failing an amicable settlement, the claim of the Ottoman Tobacco Régie should be submitted to arbitration.

I have, &c.,
CURZON OF KEDLESTON.

54957/22.

No. 3.

FOREIGN OFFICE to FRENCH EMBASSY.

(Received in Colonial Office, 6th November, 1922.)

YOUR EXCELLENCY, Foreign Office, S.W.1, 3rd November, 1922.

I HAVE the honour to inform you that the attention of the competent department of His Majesty's Government has been drawn to the report referred to in Your Excel-

* No. 1.

lency's note of the 30th ultimo* that the rights of the Ottoman Tobacco Régie in Trans-Jordania have been abrogated by local decree as from 1st September.

2. I shall not fail to acquaint you in due course with the result of the enquiries that department will doubtless institute.

I have, &c.,
D. G. OSBORNE.

27290/25.

No. 4.

FRENCH EMBASSY to FOREIGN OFFICE.

(Received in Colonial Office, 16th June, 1925.)

A PLUSIEURS reprises, le Comte de Saint-Aulaire avait été chargé de protester auprès du Gouvernement britannique contre les mesures prises en Transjordanie en vue d'abolir le monopole du tabac concédé à la " Régie générale des Tabacs ottomans " par la Convention du 4 août, 1913.

Le 3 novembre, 1922, Lord Curzon, en accusant réception à cette Ambassade d'une de ses communications, s'était engagé à lui faire connaître le résultat de l'enquête que les autorités britanniques compètentes avaient entreprise au sujet de cette affaire.

Le sort des concessions jadis octroyées par l'Empire Ottoman est aujourd'hui défini par le Protocole signé à Lausanne le 24 juillet, 1923, et complété en ce qui concerne les concessions dans les pays sous mandat de la France ou de la Grande Bretagne par les lettres confidentielles échangées le jour même entre les délégations française et britannique.

L'Ambassadeur de France a donc été chargé d'attirer l'attention de Son Excellence le Principal Secrétaire d'Etat pour les Affaires Etrangères sur le fait qu'au terme des instruments en question, la concession octroyée à la Régie des Tabacs doit être au choix du Gouvernement britannique ou bien adaptée aux conditions économiques actuelles, ou bien rachetée moyennant une équitable compensation, mais qu'elle ne saurait en aucun cas être pratiquement reprise sans indemnité comme la Régie se plaint qu'elle l'ait été en fait dans les pays sous mandat de la Grande Bretagne.

M. de Fleuriau saisit, &c.
Ambassade de France à Londres,
Albert Gate House,
4 juin, 1925.

Attached C. 49048/27.

No. 5.

FRENCH EMBASSY to FOREIGN OFFICE.

[*Answered by No.* 6.]

Ambassade de France, à Londres.

PAR sa note en date du 4 juin dernier,† l'Ambassadeur de France avait attiré l'attention de Son Excellence le Principal Secrétaire d'Etat de Sa Majesté britannique aux Affaires Etrangères sur une réclamation de la Régie Générale des Tabacs Ottomans, relative aux mesures défavorables prises par les autorités de l'Irak, de la Palestine et de Transjordanie, à l'égard de son monopole.

M. Briand insistant pour connaître la suite que le Gouvernement britannique a l'intention de donner à cette réclamation, M. de Fleuriau serait reconnaissant à Son Excellence M. Austen Chamberlain de bien vouloir le mettre à même de répondre à Paris sur ce point.

L'Ambassadeur de France saisit, &c.
Albert Gate House,
21 août, 1925.

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* Not printed. † No. 4.

C. 1857/26.

No. 6.

FOREIGN OFFICE to FRENCH EMBASSY.

(Received in Colonial Office, 23rd January, 1926.)

[*Answered by No.* 7.]

YOUR EXCELLENCY, Foreign Office, S.W.1, 15th January, 1926.

I HAVE had under consideration, in consultation with the competent department of His Majesty's Government, your note of 21st August last,* relating to a claim by the Régie Générale des Tabacs Ottomans in respect of certain measures adopted by the authorities of Palestine, Trans-Jordan and 'Iraq.

2. This question has formed the subject of correspondence on several occasions since the conclusion of the war, but it does not appear that any detailed claim by the Régie in respect of the termination of the monopoly which they claimed in the territories in question, has ever been specifically formulated. If the Régie are now prepared to formulate such a claim, it shall receive the careful consideration of His Majesty's Government and I shall then hope to be in a position to make to Your Excellency a proposal for dealing with it, whether by some form of arbitration or otherwise. It would in that event be necessary to take into account the claim which the Palestinian Administration possess, but have so far refrained from pressing, against the company, in respect of customs duty on stocks of tobacco held by them on 1st April, 1921.

3. I desire, however, to make it plain that the willingness of His Majesty's Government to examine such a claim by the Régie must not be taken as an admission on their part that the Régie held a valid concession in the territories in question at the time when the measures on which their claim is presumably based were taken, and His Majesty's Government must reserve the right to take any objections to the validity of any such concession which they may be advised are well founded in law.

I have, &c.
(for the Secretary of State),
LANCELOT OLIPHANT.

C. 5896/26.

No. 7.

FRENCH EMBASSY to FOREIGN OFFICE.

(Received in Colonial Office, 13th March, 1926.)

LE 15 janvier dernier par lettre† No. E. 178/178/65, le Principal Secrétaire d'Etat de Sa Majesté pour les Affaires Etrangères avait bien voulu faire connaître à l'Ambassadeur de France le point de vue du Gouvernement Britannique relativement à la réclamation de la Régie Générale des Tabacs Ottomans contre les autorités de l'Irak, de la Palestine et de la Transjordanie, et lui demander en même temps de formuler cette réclamation d'une manière détaillée.

M. Briand vient de faire parvenir à l'Ambassadeur de France, aux fins de transmission au Gouvernement Britannique, une note établie par la Régie exposant la manière dont elle fut privée de son privilège en Irak, Palestine et Transjordanie (Annexe I) ainsi qu'une autre note, accompagnée d'un tableau, donnant des indications précises sur le montant de la réclamation (Annexe II).

Dans ce document, la Régie fait en même temps toutes réserves sur la contre réclamation formulée par le Gouvernement de Palestine à son égard et qui est mentionée dans le paragraphe 2 in fine de la lettre du Foreign Office, en date du 15 janvier.*

Une troisième note (Annexe III) a pour but d'établir, au point du vue juridique, la validité de la concession du 4 août, 1913, validité qui semble mise en doute par les autorités britanniques (paragraphe 3 de la lettre du Foreign Office) et définit la

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* No. 5. † No. 6.

situation juridique de la Société à l'égard des Gouvernements mandataires des territoires détachés de l'Empire Ottoman.

Si les indications fournies par la Société ne paraissaient pas suffisantes aux autorités britanniques, la Régie des Tabacs serait toute disposée à envoyer, aussitôt que celà serait nécessaire, un de ses directeurs à Londres afin de discuter les différents points en litige.

En transmettant les documents ci-joints à Son Excellence le Principal Secrétaire d'Etat de Sa Majesté pour les Affaires Etrangères, l'Ambassadeur de France a l'honneur d'attirer Sa bienveillante attention sur l'intérêt qu'il y aurait à hâter le règlement d'une affaire qui est en suspens depuis cinq ans et qui n'est pas sans causer un grave préjudice à la Régie des Tabacs.

M. de Fleuriau saisit, &c.,
Ambassade de France à Londres,
24 février, 1926.

Enclosure 1 in No. 7.

9 décembre, 1924.

NOTE SUR LES RECLAMATIONS DE LA REGIE OTTOMANE DES TABACS AU SUJET DE LA SUPPRESSION DE SON PRIVILEGE EN MESOPOTAMIE, PALESTINE ET EST-JOURDAIN.

AUX termes de la Convention signée le 4 août, 1913, entre le Gouvernement Ottoman, la Dette Publique Ottomane et la Société de la Régie Coïntéressée, l'exploitation du Monopole des Tabacs dans toute l'étendue de l'Empire Ottoman était concédée à cette dernière pour une nouvelle période de 15 années, courant à partir du 15 avril, 1914.

Malgré toutes les difficultés que lui créa bientôt l'état de guerre, la Société a poursuivi son exploitation en s'efforçant de sauvegarder au mieux tous les intérêts en cause, comme elle l'avait toujours fait pendant les trente années de sa première Concession. Cependant, sans que rien de son fait ait pu justifier cette mesure, elle s'est vue déposséder de son privilège en Mésopotamie d'une part, en Palestine et Est-Jourdain d'autre part.

1°. *Mesopotamie.*

En effet, dès le mois de mars 1915, les Autorités Britanniques supprimaient les Agences de la Régie dans le Vilayet de Bassorah, puis au fur et à mesure des progrès de l'occupation, dans celui de Bagdad en 1917 et enfin, en novembre et décembre, 1918, dans les régions de Mossoul, Kerkouk, Keuy-Sandjak et Suleymanié. Le " Controller of hostile trading Concerns " a liquidé tous ces établissements, et s'est substitué à la Société dans l'exploitation du Monopole, en modifiant à la fois la forme et le tarif, établis par la Loi, pour la perception de l'impôt.

Dès que ces mesures lui furent notifiées, l'Agent de la Régie à Bagdad n'a pas manqué de formuler ses plus expresses réserves auprès des Autorités Britanniques en appelant leur attention sur la nature des intérêts dont l'Administration du Monopole a la gestion et sur la nationalité réelle de la Société.

De son côté, aussitôt que la reprise des communications lui permit de connaître la situation de ses affaires en Mésopotamie, la Société s'est trouvée dans l'obligation d'exposer aux trois Hauts-Commissaires Alliés à Constantinople l'atteintre grave portée à ses intérêts, en leur demandant de prendre acte de ses réserves. Elle ajoutait qu'au moment où elle ferait valoir ses réclamations, il ne lui serait possible ni de reconnaître la validité d'une gestion autre que la sienne, ni d'admettre, pour le calcul des indemnités lui revenant, d'autre base que la moyenne des bénéfices résultant d'une exploitation contrôlée par elle même, conformément à ses accords contractuels. La Société ne peut aujourd'hui que maintenir cette manière de voir et croit équitable de réclamer pour chacune des années écoulées depuis la suppression du Monopole en Mésopotamie, une indemnité égale à la moyenne des bénéfices réalisés en Mésopotamie par la Société pendant les cinq derniers exercises d'exploitation normale avant la suppression du Monopole, soit les exercises XXVI-XXX (1909-1913) de l'ancienne Concession. Pour les années restant à courir jusqu'au terme normal de sa Concession, l'indemnité devrait être calculée sur la même base, si, comme il paraît résulter des mesures qu'il a prises, le Gouvernement britannique jugeait impossible de remettre la Société en possession de son Monopole.

2°. *Palestine.*

A la date du 3 janvier, 1921, le Secrétaire financier du Gouvernement de Palestine, agissant au nom de M. le Haut Commissaire britannique en ce pays, adressait à l'Agent de la Société à Jérusalem, une dépêcheportant que le Gouvernement Palestinien, pour des raisons d'intérêt public, avait décidé de suspendre immédiatement en Palestine l'exploitation concédée à la Société. Le Gouvernement Palestinien se proposait en conséquence d'autoriser sans délai la libre culture des tabacs et envisageait de modifier à partir du 1er mars, 1921, les droits d'importation des tabacs étrangers. Tout en se déclarant prêt à reconnaître les réclamations que la Société aurait à formuler, en conformité des dispositions du Traité de Paix avec la Turquie, il se réservait pourtant de contester la validité de la loi du 2 avril, 1914, qui régit le Monopole des Tabacs dans l'Empire Ottoman, loi promulguée par Iradé Impérial, mais qui n'a pas pu être soumise à la sanction du Parlement en raison des circonstances.

Dès la réception de cette dépêche, l'Agent de la Société à Jérusalem a formulé par écrit, auprès du Gouvernement de Palestine, les plus expresses réserves. De son côté l'Inspecteur de la Société à Beyrouth a fait une démarche auprès de M. Fabry, Conseiller financier du Haut Commissariat français en cette ville pour lui signaler la décision prise contre la Société et le préjudice grave qui en résulterait pour cette dernière. Enfin le Gouvernement français ayant été saisi de la question, l'affaire a donné lieu à un échange de correspondance entre le Ministère des Affaires Etrangères et le Foreign Office, par l'intermédiaire de M. l'Ambassadeur de France à Londres.

La mesure envisagée à la date du 3 janvier, 1921, par le Secrétaire financier du Gouvernement de Palestine, ayant été effectivement mise en application à partir du 1er mars, 1921, malgré les démarches de la Société, il y a lieu de déterminer, d'après les mêmes bases de calcul indiquées ci-dessus, le préjudice annuel qu'elle a subi depuis de 1er mars, 1921, et qu'elle pourrait subir encore si elle n'etait pas remise en possession de son exploitation, pour chacune des années restant à courir jusqu'au terme contractuel de sa concession.

3°. *Est-Jourdain.*

Il en est de même pour l'Etat indépendant de l'Est-Jourdain. Cet Etat a été formé vers fin avril, 1921, des Mutessarifats de Salt, Karak, Adjilaune et des Cazas de Djarach, Madaba, Djizeh et Maan. Il a décrété l'abolition du Monopole des Tabacs dès le commencement de juin, 1921, mais le Monopole avait été supprimé en fait dès le 12 janvier, 1921, dans le Mutessarifat de Salt et dès le 22 février, 1921, dans le Caza d'Adjiloune suppression contre laquelle le Mache-Mudiriet de Damas avait protesté le 14 mars, 1921.

Enclosure 2 in No. 7.

LA Régie Ottomane des Tabacs croit pouvoir résumer comme suit les points essentiels de sa réclamation :—

1°. Elle considère comme juridiquement incontestable des droits qu'elle tire de la concession qui lui a été accordée par la Convention de 1913.

2°. Du fait des autorités britanniques, elle a été dépossédée du monopole d'exploitation qui lui était concédé par cette convention.

(*a*) En Mésopotamie, totalement à partir de novembre, 1918, soit à partir du dernier trimestre du 5ème Exercice de sa nouvelle concession :

(*b*) En Palestine, à dater du 1er mars, 1921, soit à partir du commencement du 8éme Exercice de sa nouvelle concession :

(c) Dans le territoire de l'Est-Jourdain, partiellement dès le 12 janvier, 1921, et totalement à dater du début de juin, 1921, soit en moyenne à partie du commencement du 8ème Exercice de sa nouvelle concession.

Cette dépossession lui ouvre le droit à une indemnité égale aux bénéfices qu'elle pouvait légitimement attendre de son exploitation pendant toute la période où elle en a été et en reste dépossédée.

3°. Le tableau ci-joint annexé fait apparaître la part pour laquelle la Mésopotamie, la Palestine et le Territoire de l'Est-Jourdain ont contribué aux bénéfices de la Société pendant les cinq dernières années d'exploitation normale, c'est-a-dire pendant les cinq années antérieures à la guerre de 1914.

Ce tableau montre que la part de bénéfices réalisés par la Société pendant cette période en Mésopotamie, Palestine et Territoire de l'Est-Jourdain s'éléve pour l'année moyenne respectivement à 10.133, 11.727 et 789 ltqs. Or.

4°. Pour l'évaluation des bénéfices ultérieurs que la Société était en droit d'attendre de son exploitation et dont elle a été privée, il n'est pas exagéré d'admettre que les bénéfices du Monopole dans ces différents pays auraient subi une progression annuelle de 10 pour cent. (dix pour cent.) conforme d'ailleurs à celle qui résulte des chiffres de la période quinquennale prise comme point de comparaison.

5°. Le préjudice total subi par la Société si comme, il semble, il n'entre pas dans les vues du Gouvernement Anglais de la remettre en possession de son exploitation, s'élévera donc à la somme qu'auraient représentée ces bénéfices annuels calculés comme il vient d'être dit, depuis la date de dépossession jusqu'au 1er/14 mars, 1929 (fin du XVème Exercice).

6°. Sur ces bases, le préjudice subi par la Société s'éléve :

	Ltqs. Or.
(*a*) Pour la Mésopotamie (10 ans et 3 mois)	184.836
(*b*) Pour la Palestine (8 ans)	147.489
(*c*) Pour le territoire de l'Est-Jourdain (8 ans)	9.919.5
Ensemble ...	342.244.5

7°. La Société se tient à disposition du Gouvernement Anglais pour lui fournir toutes autres explications et justifications qui seraient jugées nécessaires

8°. Dès maintenant, la Société confirme les reserves qu'elle a formulées dès 1921 contre les réclamations de l'administration des douanes palestiniennes rappelées dans la dépêche du Foreign Office du 15 janvier dernier, réclamation aux termes desquelles cette administration prétendait percevoir les taxes d'importation sur les stocks de tabacs de la Régie constitués longtemps avant la date où ces taxes furent établies.

9°. La Société ajoute qu'elle est toute disposée à un échange de vues avec les services compétents du Gouvernement Anglais pour examiner s'il est possible, par ce moyen, d'arriver plus rapidement à une solution amiable et équitable pour les deux parties. Dans cet ordre d'idées, elle signale qu'elle subit depuis plusieurs années un préjudice grave et qu'à re titre une solution plus rapide lui serait particulèrement agréable.

Mesopotamie, Palestine et Est-Jourdain

Part contributive de ces pays aux bénéfices de la Société de la Régie Cointéressée des Tabacs de l'Empire Ottoman pendant les cinq dernières années d'exploitation normale (1909 à 1913).

Années	Exercices	Recettes brutes (a) Mésopotamie Ltq. or	Recettes brutes (b) Palestine Ltq. or	Recettes brutes (c) Est-Jourdain Ltq. or	(d) Recettes brutes totales Ltq. or	(e) Bénéfices nets du Monopole Ltq. or	(f) Part totale de la Société Ltq. or	Part de la Société provenant de (g) (= f. a/d) Mésopotamie Ltq. or	(h) (= f. b/d) Palestine Ltq. or	(i) (=f. c/d) Est-Jourdain Ltq. or	(k) (= g h i) Total Ltq. or
1909	XXVI	84,853	106,153	3,410	2,787,052	567,848	282,794	8,609	10,580	346	19,535
1910	XXVII	81,049	116,147	7,617	2,982,073	695,840	323,168	8,783	12,587	825	22,195
1911	XXVIII	87,811	121,122	9,689	2,804,417	484,265	255,002	7,984	11,013	881	19,878
1912	XXIX	119,485	114,228	8,937	2,749,014	482,494	254,413	11,058	10,571	827	22,456
1913	XXX	127,750	124,659	9,587	3,465,235	888,464	386,022	14,231	13,886	1,067	29,184
Total		500,948	582,309	39,240				50,665	58,637	3,946	113,248
Moyenne		100,189	116,462	7,848				10,133	11,727	789	22,649

Enclosure 3 in No. 7.

13 août, 1924.

NOTE SUR LA REGIE OTTOMANE DES TABACS.

IL est rappelé, pour la clarté de ce qui suit, que la Société de la Régie Coïntéressée des Tabacs de l'Empire Ottoman—Société au capital de 40 millions de Francs presqu'entièrement aux mains d'actionnaires français—exploite le monopole du tabac en Turquie, en vertu d'une convention datée du 22 juillet/4 août, 1913. Cette convention signée du Gouvernement Impérial, de la Dette Publique Ottomane et de la Société, avait pour objet de renouveler, pour une durée de 15 années à dater du 2/14 avril, 1914, la concession primitive qui expirait le 1/14 avril, 1914. Elle fut sanctionnée et mise en vigueur en vertu d'une loi provisoire du 22 juillet, 1913. Cette loi devait être soumise au Parlement lors de sa convocation. Elle le fut en effet, mais sans qu'il intervint un vote. La Convention n'en fut pas moins appliquée, sans qu'à aucun moment pendant les dix ans déjà écoulés, y compris la période de guerre, aucune des parties contractantes n'ait mis en question la validité de l'acte signé par elles.

Il y a lieu de noter qu'à la Convention était annexé au Protocole aux termes duquel la Société s'engageait notamment à consentir au Gouvernement Impérial une avance de 1,500,000 Livres Turques Or. Cette avance fut effectivement versée et le service des intérêts et du remboursement, régulièrement assuré depuis par le Gouvernement Ottoman, conformément à ses engagements, a été porté par lui en dépenses dans les budgets annuels soumis à la ratification parlementaire.

La note qui suit a pour objet :—

1°. D'établir au point de vue juridique turc la validité de la concession du 4 août, 1913.

2°. De définir la situation juridique de la Société à l'égard des Gouvernements actuels des territoires détachés de l'Empire Ottoman, et notamment de ceux qui ont été placés sous le mandat français.

I. Validité au point de vue juridique turc de la concession de 4 août, 1913.

Il convient avant tout de considérer si la loi, qui a autorisé le Ministère des Finances à signer avec la Régie la Convention en date du 22 juillet/4 août, 1913, par laquelle sa concession a été prolongée de 15 ans, est une loi provisoire, promulguée à charge d'être soumise au Parlement lors de sa convocation, la convention elle-même n'en est pas moins définitive.

2. L'article 36 de la Constitution ottomane permet au Gouvernement Turc de prendre, dans certaines circonstances, des dispositions qui, sanctionnées par Iradé Impérial, ont provisoirement force de loi. Ces dispositions doivent être soumises aux Chambres dès que celles-ci se réunissent, mais elles sont immédiatement mises en vigueur. Si, lors de la réunion du Parlement, ces dispositions ne sont pas approuvées, elles cessent de produire leurs effets pour l'avenir : mais, par contre, les actes accomplis dans l'intervalle en vertu de ces dispositions, les engagements pris envers les tiers en exécution de la loi provisoire, restent parfaitement valables.

3. Conséquemment, si, comme dans le cas qui nous occupe, la loi a pour but d'autoriser le Gouvernement à passer avec des tiers un contrat qui renferme certains avantages pour le Gouvernement, et notamment un concours financier important, en contrepartie de certains engagements pris par lui; si le Gouvernement, en vertu de cette loi, a échangé une convention, la loi se trouve par là-même avoir déjà reçu son exécution, et les droits acquis en vertu de cette loi doivent être respectés. Si dans l'exercice de ses droits souverains, le Parlement décide l'abrogation de cette Convention, il ne peut le faire qu'en réparant les dommages que cette abrogation cause aux ayants-droit.

4. Tels sont les principes qui se dégagent du droit constitutionnel turc : si un doute pouvait exister à cet égard, il disparaîtrait par la lecture de la correspondance échangée entre la Direction Générale de la Régie et le Ministère des Finances, lors de la signature de la Convention du 22 juillet/4 août, 1913.

5. Par la lettre que la Société a adressée au Ministère des Finances en date du 23 juillet, 1913, la Société lui rappelait qu'aussi bien au cours des négociations qu'au moment de l'échange des signatures, elle avait insisté sur l'importance attaché au caractère définitif de la Convention et le Ministère des Finances, par sa réponse en date du 25 juillet, 1913, lui confirmait que la Convention en question était bien définitive. C'est à la suite de ces assurances que la Régie a exécuté l'engagement qu'elle avait pris de faire une avance au Gouvernement et que la Convention a été mise en vigueur.

6. Aussi, dans les rapports de la Régie avec le Gouvernement, la Convention en question a été toujours considérée comme définitive, non seulement par le Gouvernement, mais même par le Parlement. En effet, l'avance de Ltq. 1,500,000 les paiements annuels que le Gouvernement a faits pour amortir cette avance, la redevance payée par la Régie avec la marjoration prévue à la Convention, ont tous figuré dans les différents budgets de l'Etat approuvés par le Parlement, sans réserve aucune.

7. Dans le même ordre d'idées, lors du dernier arrangement passé entre le Gouvernement d'Angora et la Régie, en date du 13 juin, 1923, la validité de la concession n'a pas été mise en doute. Si la Régie a accordé " de son plein gré " au Gouvernement la faculté de résilier la concession avant terme, elle l'a fait contre certaines concessions de la part du Gouvernement et notamment contre la garantie du Trésor, de lui rembourser intégralement son capital social en Francs.

III. Situation de la Société concessionnaire à l'égard des Gouvernements des Territoires détachés de l'Empire Ottoman et notamment de ceux qui ont été placés sous le mandat français.

1. Si nous laissons de côté la position de la Régie vis à vis du Gouvernement Turc pour l'envisager au point de vue de sa situation envers les Etats détachés de la Turquie, il convient de rappeler que, lors des négociations qui ont précédé le Traité de Lausanne, les Etats alliés ont été unanimes à demander au Gouvernement Turc la reconnaissance du principe ci-après :—

> " Sont confirmés, même si la Turquie n'a pas rempli toutes les conditions nécessaires à leur confirmation définitive toutes conventions ou contrats de concession ainsi que les accords et décisions y relatifs conclus entre la Turquie et les ressortissants alliés avant le 29 octobre, 1914, s'ils ont reçu un commencement d'exécution (Art. 90 du projet de Traité présenté à la Délégation Turque le 29 janvier, 1923—Documents diplomatiques sur la Conférence de Lausanne—Volume 2—Page 59)."

2. L'article 36 de la Constitution ottomane permet au Gouvernement Turc de ottomanes dans lesquelles les ressortissants alliés ont des intérêts prépondérants.

3. Le même projet portait à l'article 92 que, dans les Etats détachés de la Turquie, l'Etat successeur était subrogé dans les droits et charges de la Turquie, vis à vis des concessionnaires visés à l'article 90 du projet.

4. Le Gouvernement turc n'a pas accepté l'insertion de ces clauses économiques dans le Traité et M. Bompard, dans le rapport qu'il a adressé au Ministère des Affaires Etrangères le 4 février, 1923, expliquait ce refus de la Délégation turque, par " sa prétention d'interdire aux Alliés d'intervenir en faveur de Sociétés Ottomanes dont les capitaux sont cependant Français ou Anglais " (Documents diplomatiques I, cit. page 127).

5. En effet, dans l'intervalle qui sépara les deux Confèrences de Lausanne, le Gouvernement Turc fit entendre aux Alliés qu'il était inutile de s'éterniser dans des discussions de principe qui affectaient les droits de la souveraineté ottomane, alors que lui-même n'avait nullement l'intention de contester les droits des Sociétés ottomanes concessionnaires, qu'il entendait les respecter et qu'il était disposé à s'entendre directement à ce sujet avec elles. C'est dans ces conditions que les Gouvernements alliés engagèrent les Sociétés à s'adresser directement au Gouvernement Turc et c'est ainsi que la Régie, à l'exemple d'autres Sociétés, put régler ses interêts avec le Gouvernement Turc, sans que la validité de sa concession fût contestée.

6. Les difficultés existant avec le Gouvernement Turc étant ainsi pratiquement réglées, les Alliés se sont contentés du Protocole 12, relatif aux concessions, annexé au Traitè de Lausanne, en faisant insérer dans ce Protocole en termes concis, mais implicitement assez clairs, que les contrats de concessions existants étaient *maintenus*, sans distinguer s'ils étaient basés sur une loi definitive ou provisoire. Cette disposition a été étendue aux territoires détachés de la Turquie, par l'article 9 du Protocole.

7. L'interprêtation que nous donnons aux mots " Les contrats de concessions sont maintenus " ressort encore plus clairement des dispositions de l'Art 2 du Protocole, qui vise les contrats des concessions passés avec la Société Armstrong pour les constructions navales et la Régie Générale des Chemins de Fer, pour la construction et l'exploitation de chemins de fer. Ces contrats n'avaient pas encore reçu les approbations définitives et comme le Gouvernement Turc, considérant ces contrats comme touchant à des questions vitales pour lui, voulait se réserver le droit de les modifier, ce droit ne lui a été consenti que sous certaines conditions

8. Ces faits, si bien connus de Ministère des Affaires Etrangères, démontrent à l'évidence que les Etats alliés ont toujours considéré, aussi bien au point de vue

juridique qu'au point de vue de l'equité, les contrats de concessions, dont les Sociétés Ottomanes sont bénéficiaires, qu'ils soient basés sur une loi définitive ou provisoire, comme devant être maintenus et respectés. S'ils ont renoncé à insérer une clause expresse dans ce sens dans le Traité, c'est parceque le Gouvernement Turc leur a donné indirectement satisfaction en s'entendant avec les Sociétés concessionnaires.

9. Dans ces conditions, il paraît hors de doute que les Gouvernements Alliés, après avoir imposé à la Turquie le respect des droits reconnus légitimes des particuliers et des sociétés, ne sauraient admettre que ces mêmes droits fussent méconnus ou lésés dans les territoires que le Traité de Lausanne a placés sous leur mandat.

C. 18188/26.

No. 8.

FRENCH EMBASSY to FOREIGN OFFICE.

(Received in Colonial Office, 24th September, 1926.)

CONFORMEMENT au désir exprimé par la lettre de Son Excellence le Principal Secrétaire d'Etat pour les Affaires Etrangères en date du 15 janvier dernier,* l'Ambassadeur de France a eu l'honneur de Lui faire parvenir, le 24 fevrier suivant, trois notes† établies par les soins de la Régie Ottomane des Tabacs à l'appui de sa réclamation contre la suppression de son privilège en 'Iraq, Palestine et Transjordanie.

Par une lettre en date du 6 juillet dernier le Foreign Office a bien voulu faire savoir à cette Ambassade qu'il n'était pas encore en mesure de répondre à cette dernière communication.

Le Gouvernement français venant d'insister d'une manière pressante sur l'intérêt qu'il attache au règlement de ce litige, M. de Fleuriau serait reconnaissant à Sir Austen Chamberlain de bien vouloir le mettre en mesure de faire connaître le plus tôt possible à M. Briand le point de vue du Gouvernement britannique concernant la réclamation de la Régie Ottomane des Tabacs et il saisit cette occasion pour Lui renouveler les assurances de sa haute considération.

Ambassade de France à Londres,
Albert Gate House.
22 septembre, 1926.

C. 49048/27 [No. 1].

No. 9.

NOTE BY MR. B. H. BOURDILLON (COUNSELLOR TO THE HIGH COMMISSIONER FOR 'IRAQ) DATED 12TH JANUARY, 1927.

(Received in Colonial Office 31st January, 1927.)

Régie des Tabacs.

H.E.

1. The following brief history of the case as it appears from the papers at our disposal may be useful. Some of the facts, though well known, are probably not susceptible of legal proof, and this history professes to be nothing more than a common-sense statement of the apparent facts.

In 1913 the Turkish Government had an opportunity of obtaining a loan from France on condition of a 15-year renewal of the Régie concession. The concession was very unpopular in Turkey, and there was no chance that the renewal would get through Parliament. Turkey, however, needed the money, and, following her usual practice, ignored Parliament. The operations of the Company were suspended in the Basrah Wilayet in March, 1915, in the Baghdad Wilayet in 1917, and in the remainder of 'Iraq late in 1918. I have so far been unable to trace the actual orders suspending operations. It appears that they were not in the form of G.O.C.'s proclamations, which is perhaps unfortunate. The Basrah Wilayet Revenue Report for May, 1918, merely states that " the Tobacco Régie was perforce discontinued because of the war." During the discussions at Lausanne in 1923, independent negotiations with the Turks were being carried on at Angora by the Régie Company. These

* No. 6. † Enclosures in No. 7.

resulted in the Company abandoning its concession for certain considerations, the precise nature of which does not appear from the papers at our disposal. As a matter of fact the Angora Government had already deprived Régie of its revenues and set up a Director of their own at Angora. The 1923 agreement probably did little more than save the face of the Company and give adequate guarantees for the repayment of the loan, allowing the Company to carry on the business of cultivating and manufacturing tobacco.

To sum up, in 1913, Turkey, in order to obtain a sum of money, entered into a contract, deliberately omitting a necessary formality which they knew they could not carry out. The Company must be held to have acquiesced in this omission, and risked the consequences. Prior to the 1923 agreement, the Company had been deprived of its monopoly altogether, though it was still carrying on commercial operations in Turkey itself. Instead of relying on the efforts of French diplomats to secure them all the rights which they would have had if the contract had been completed with all necessary formalities, the Company preferred to come to a direct arrangement with the Turkish Government.

It seems to me that as the contract was never legally completed the Company can have no claim to any profits which they expected to make, but of which they have been deprived. They took the risk, and lost. They had a claim in respect of the consideration which they had paid, and that claim was satisfied by the 1923 agreement.

To put it in another way; supposing there had been no war, and that in, say 1917, Turkey had simply closed down the operations of the Company. The Company would have had no legal claim to enforce specific performance, so they now cannot claim mesne profits for the period of non-performance.

2. Mr. Drower's note as to the legal position is not very hopeful, and I am inclined to share his opinion that arbitration would be unlikely to produce a successful result. I venture, however, to put forward the following four alternatives lines which may be adopted when considering the purely legal point of view. I am assuming, with Mr. Drower, and as has been generally accepted, that all concessions in Turkey required legislation.

(1) The grant of a concession of this nature is not covered by Article 36 of the Law of the Constitution. The concession was therefore void *ab initio*. But though it was legally invalid the Turkish Government were in equity bound by it, as they had received consideration. The succession States, having received no share of the benefits from that consideration, are not so bound. Turkey has presumably fully discharged its obligations in regard to that consideration by virtue of the agreement of 13th June, 1923.

(2) If it be held that, owing to Turkish constitutional practice, the grant of a concession of this nature is covered by Article 36, then the concession became void at the end of the next session of the Turkish Parliament after it was granted, as Article 36 states that " such articles . . . . must be submitted to Parliament at its next sitting."

(3) If it be held that Turkish constitutional practice justifies and legalises a complete ignoring of their paper constitution, still the Turkish Parliament undoubtedly had the right at any time to annul the 1913 renewal of the concession. Were not the powers of the Turkish Parliament in the occupied territories exercised (subject to subsequent validation) by the Armies of Occupation? In that case was not the action of the Military Authorities in closing down the concession in 'Iraq a legal termination of the concession?

(4) If it be held (and I doubt if it could possibly be so held) that, prior to the signing of the Treaty of Lausanne, the Turkish Government alone had the power to annul the concession in any part of the Ottoman Empire as it existed before the war, then does not the agreement of 13th June, 1923, bring the concession to an end in 'Iraq, Trans-Jordan, and Palestine? Unfortunately we have no details of this agreement.

I do not attempt to examine these lines of argument in detail, because I doubt if the question is susceptible of either a just or an acceptable solution on a purely legal basis, but I suggest that they merit consideration.

3. Looking at the case from the point of view of the Treaty of Lausanne and the discussions preceding the execution of that Treaty, I feel that we are on very much firmer ground. The Régie arguments are found in paragraph III (*sic*, but there is no paragraph II) of their note of 13th August, 1924. In the first section of that

paragraph they quote Article 90 of the project of the Treaty, presented to the Turkish delegation on 29th January, 1923. I can trace no such project in the papers which we have, and the project presented on 31st January, 1923, in which the concession clauses are numbered 94-100, contains no such article. However, an article of this nature does appear at various stages of the discussions, and the history of its career and eventual disappearance is very instructive. The article, in effect, kept alive concessions which had begun to be executed, but in regard to which all formalities had not been completed. It first appears as the second paragraph of Article I of a concessions protocol which was discussed by the Economic and Financial Commission on 27th January, 1923. Zekiai Beg made the following specific statement, which was not challenged :—

> " Paragraph 2 has reference to the Régie concession and to the French loan of 1913; as the concession mentioned has not yet received the approval of the Turkish Parliament, it is not possible to consider the operations connected therewith as entirely concluded; the Turkish delegation cannot, in consequence, give any undertaking on that subject."

The clause did not reappear in the project of 31st January. In a slightly different form, however, it appears in a project of a concession protocol which was discussed at a *Réunion privée* on 23rd June. It appears that the Turks had previously maintained that the Treaty should say nothing about concessions, which were a matter for discussion between the concessionaires and the Turkish Government. Steps had been taken to initiate such discussions at Angora, but the Allies had stated that unless all these discussions had been satisfactorily concluded in time, the insertion of general principles in the Treaty would be necessary. On 23rd June M. Montagna explained that as all the discussions had not terminated satisfactorily, the Treaty must contain concession clauses. Upon Ismet Pasha maintaining that the Conference had no competence in the matter of concessions, the British and French delegates mentioned certain specific cases, among them the Tobacco Régie, in regard to which General Pellé said that an agreement in principle had been arrived at in Angora, subject to the observations of the Council of the Ottoman Public Debt. Discussions were renewed on 7th July, when Ismet Pasha agreed that as all cases had not been settled at Angora, principles must be discussed in connection with the Treaty. The interesting point is that when discussing Article 2 of the draft protocol under consideration (the form which the article referred to by the Régie had by that time assumed) it was made quite clear by all parties that this article covered three cases only—Armstrong Whitworth, Turkish Petroleum, and the Samsun-Sivas Concessions held by the Régie Generale des Chemins de Fer. The Tobacco Régie Concession never appears in the discussions again, the reason, clearly indicated in the discussions, being that the Allies were satisfied with the arrangements arrived at in Angora on 13th June and did not consider it necessary that the case of this particular concession should be covered by any provision of the Treaty. The Régie note argues that because the Allies originally pressed for the inclusion in the Treaty of an article which would cover their concession, therefore their concession is covered, although the said article was not included. Their argument has only to be stated in this form to provide its own refutation. The real fact is that the Allies pressed for the inclusion of an article which would cover a number of concessions which had not been *dument intervenus*. One of these concessions was the Tobacco Régie. Discussions regarding these concessions took place between the concessionaires and the Turkish Government, and a satisfactory settlement was reached in some cases, including that of the Tobacco Régie. Three cases remained unsettled. The general provision was cut out, two of these cases dealt with by special provisions, and the third, the Turkish Petroleum Company, omitted altogether, the Turks being afraid, owing to the Chester negotiations, to commit themselves to anything. It is therefore abundantly clear that although the Allies originally intended that the Régie concession should be dealt with by the Treaty, they subsequently abandoned that intention in view of the settlement that had been arrived at by direct negotiations between the Company and the Turkish Government. The Turkish Petroleum Company concession was also not covered, and here we are on very firm ground, as we fortunately never mentioned the Treaty of Lausanne in our dealings with the 'Iraq Government. We merely told them that we expected them to carry out a certain promise made by the Turkish Prime Minister, and they agreed to do so, provided that satisfactory terms could be arranged.

4. For the foregoing reasons I maintain that it is clear that the Treaty of Lausanne was not intended to impose any obligations on either the British or 'Iraq

Governments in respect of the Régie concession. But it may still be argued that although the concession is not covered by part I of the concessions protocol (which concerns the Turkish Government) it is in fact covered by part II (which concerns the Governments of the detached territories). The reason why such an argument is possible is that while Article I refers only to concessions *dument intervenus*, Article 9 on the other hand subrogates the succession states as regards the rights and obligations of Turkey in respect of concessionary contracts *passés* (not *dument intervenus*) before 29th October, 1914. It may therefore be argued that although the Treaty did not keep alive any Turkish obligations in respect of the Régie concession, and though a perusal of the discussions makes it clear that it was not the final intention of the parties that the Régie concession should be covered by any clause in the Treaty, yet it actually is covered by the wording of Article 9 of the concession protocol. If this argument prevails then the subrogation only has effect from 30th October, 1918, and ended on 13th June, 1923, as after that date the Turkish Government had presumably no rights and obligations in respect of the Régie Company. I say presumably, because I have not seen the agreement of 13th June, 1923, and it may have merely put an end to the concession in such territory as should finally remain Turkish under the terms of the Treaty then being discussed. It appears therefore that liabilities in respect of 'Iraq would only cover the period from 30th October, 1918, to 13th June, 1923. There would be no liability if Allied capital was not preponderant in October, 1914. This is the view which has so far been taken by His Majesty's Government. But as a matter of fact the concession protocol says " is preponderant " not " was preponderant in October, 1914."

5. I presume that it is quite clear that if any claim is eventually held to lie in respect of 'Iraq, it will lie against His Majesty's Government and not against the 'Iraq Government. We have never been instructed to inform the 'Iraq Government officially of the claim that has been made, and have not done so. They have thus had no opportunity to attempt to make any adjustment with the Society.

B. H. B.,
12th January, 1927.

C. 49048/27 [No. 28].

No. 10.

FOREIGN OFFICE to FRENCH EMBASSY.

(Received in Colonial Office, 21st May, 1927.)

[*Answered by No.* 11.]

YOUR EXCELLENCY, Foreign Office, S.W.1, 20th May, 1927.

I HAVE the honour to invite reference to my note of 25th April and previous correspondence relative to the claim of the Ottoman Tobacco Régie in connection with the suppression of their monopoly in Palestine, Trans-Jordan and 'Iraq.

2. It will assist His Majesty's Government to reach a decision on this question if they can be supplied with copies of the correspondence which led up to the conclusion of the Convention dated 4th August, 1913, between the Régie and the Turkish Government. Allusion was made to this correspondence in the note concerning the validity of the 1913 concession from the Turkish legal point of view, a copy of which was attached (Annex III) to Your Excellency's note of 24th February, 1926.*

3. I shall accordingly be grateful if you will obtain from the Régie and communicate to me copies of the above-mentioned correspondence.

I have, &c.
(for the Secretary of State),
LANCELOT OLIPHANT.

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* No. 7.

C. 49048/27 [No. 41].

No. 11.

FRENCH EMBASSY to FOREIGN OFFICE.

(Received in Colonial Office, 24th June, 1927.)

PAR une lettre en date du 20 mai dernier,* Son Excellence le Principal Secrétaire d'Etat de Sa Majesté britannique pour les Affaires Etrangères a exprimé le désir de recevoir la copie de la correspondance qui a conduit à la conclusion de la Convention du 4 août, 1913, entre la Régie des Tabacs de Turquie et le Gouvernement Turc.

M. de Fleuriau a l'honneur de faire parvenir, ci-joint, à Sir Austen Chamberlain la copie de ces documents, certifiée conforme par deux des liquidateurs de la Société dont il s'agit.

A cette occasion, l'Ambassadeur de France a reçu pour instructions de faire savoir à Son Excellence le Principal Secrétaire d'Etat pour les Affaires Etrangères que les liquidateurs de la Régie demeurent à la disposition du Gouvernement Britannique pour lui fournir tous les renseignements complémentaires qu'il jugerait à propos de leur demander et qu'ils sont prêts notamment à se rendre à Londres pour prendre contact avec lui aussitôt qu'il en manifestera le désir.

M. de Fleuriau saisit, &c.,

Ambassade de France à Londres,
Albert Gate House.
17 juin, 1927.

Enclosure in No. 11.

Régie Coïntéressée des Tabacs
de l'Empire Ottoman.
Direction Générale.

EXCELLENCE, Constantinople, le 23 juillet/5 août, 1913.

J'AI l'honneur de vous accuser réception de la lettre du 22 juillet, 1329, par laquelle Votre Excellence a bien voulu communiquer à la Régie le copie du projet de loi promulgué pour la nouvelle Concession à notre Société du Monopole des tabacs ainsi que la copie de l'Iradé Impérial sanctionnant le protocole annexe visant la résiliation éventuelle de la susdite Convention et l'avance de 1½ million de Ltqs.

Au cours des négociations et encore au moment de l'échange des signatures, j'ai insisté sur l'importance attachée au caractère définitif et irrévocable de la Convention, caractère auquel notre Conseil subordonnait son consentement; la Commission Ministérielle et V.E. elle-même ont bien voulu déclarer que pleine satisfaction nous était donnée sur ce point. En prenant acte de ces déclarations, je dois par conséquent considérer que la mention faite dans l'Iradé d'une approbation par le Parlement du projet de Loi relatif à la Concession ne constitue qu'une formalité d'ordre intérieur ne pouvant atténuer en rien le caractère obligatoire et définitif de la Convention et du Protocole annexe qui viennent d'être échangés avec la Société d'une façon irrévocable et sans réserve.

Pour couvrir ma responsabilité vis-à-vis de mon Conseil d'Administration je serai reconnaissant à V.E. de vouloir bien me confirmer que le Gouvernement est parfaitement d'accord sur la portée définitive des engagements pris par lui vis-à-vis de la Société, en ce qui concerne la Convention et le Protocole annexe.

Veuillez agréer, Excellence, &c., &c.,
E. WEYL.

A Son Excellence le Ministre des Finances
En Ville.

Copie certifiée conforme :—
Les liquidateurs de la Régie des Tabacs,
E. WEYL. E. SALEN.

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* No. 10.

Empire Ottoman.
Ministere des Finances.
Objet : Nouvelles conventions
de la Régie.

Constantinople, le 25 juillet, 1913.

EN réponse à votre lettre du 23 juillet, 1913, nous vous notifions ce qui suit :

La Convention dressée suivant entente et d'après laquelle le Monopole du Tabac a été concédé à votre Société pour 15 ans à partir du 2 avril, 1330, (1914), convention qui a été échangée en vertu de la Loi Provisoire du 22 juillet, 1329, (1913) ainsi que l'autre convention échangée ayant trait au procédé à suivre en cas de résiliation de la Convention précitée et aux conditions de l'avance de 1,500,000 L.T., sont définitives aux yeux du Gouvernement.

Il est à remarquer seulement que le dernier paragraphe de l'art. 11 de la Convention porte que les précédentes décisions au sujet du droit de Murourié seront en vigueur comme par le passé; mais comme il a été déclaré verbalement, les comptes du Murourié sur les tabacs exportés en Egypte ont besoin d'être examinés par suite de la dernière réduction du droit de Murourié. Nous espérons que Votre Administration aussi pourra facilement se convaincre du résultat de notre examen qui vous sera expliqué.

Le Ministre des Finances,
RIFAT.

Direction Générale de la Régie des Tabacs.

Copie certifiée conforme à la traduction officielle.
Les liquidateurs de la Régie des Tabacs,
E. WEYL. E. SALEN.

Régie Coïntéressée des Tabacs
de l'Empire Ottoman.
Direction Générale.

MONSIEUR LE MINISTRE, Constantinople, le 10 août, 1913.

J'AI l'honneur de vous accuser réception de votre lettre du 25 juillet, 1913. Nous prenons acte de cette réponse qui confirme notre lettre du 23 juillet : il est donc entendu que le Gouvernement est d'accord avec le Société pour reconnaître que la forme dans laquelle la Convention du 4 août, 1913, a été revêtue de la Sanction Impériale n'affaiblit en aucune manière le caractère définitif et irrévocable des engagements pris dans cette Convention et dans le protocole annexe par les parties contractantes.

Vous avez bien voulu, dans la lettre précitée, faire allusion aux comptes du Murourié sur les tabacs exportés en Egypte. Nous devons rappeler que ces comptes sont constamment établis sur la même base depuis l'année où a été décidée la dernière réduction des droits du Murourié; à partir de cette époque le Malié, après vérification minutieuse, a toujours approuvé sans aucune réserve chacun des comptes annuels d'exploitation du Monopole où figurent avec toutes les justifications y relatives, les recettes du Murourié. Il nous est donc impossible de comprendre comment peut être soulevée aujourd'hui la question de la régularité de nos décomptes du Murourié.

Veuillez agréer, &c.,
CHARNAUD.

Son Excellence Rifaat Pacha,
Ministre des Finances de l'Empire Ottoman.

Copie certifiée conforme :—
Les liquidateurs de la Régie du Tabacs,
E. WEYL. E. SALEN.

C. 49048/27 [No. 67].

No. 12.

COPY OF CASE AS SUBMITTED TO COUNT OSTROROG FOR OPINION ON 15TH AUGUST, 1927.

(Received in Colonial Office 29th September, 1927.)

CLAIM OF THE SOCIETE REGIE GENERALE DES TABACS OTTOMANS.

Instructions to Advise on Question of Turkish Law.

Herewith are sent:—

1. *Annex 3 to the note of the French Ambassador of 24th February, 1926, and forming part of the claim of the Company.
2. †Copy of the Convention granted by the Ottoman Government to the Society on the 4th August, 1913.
3. †Protocol attached to the Convention of the 4th August, 1913.
4. †Agreement made between the Turkish Government and the Society dated the 13th June, 1923.
5. ‡Correspondence passing between the General Management of the Society and the Finance Minister of the Turkish Government in July and August, 1913.
6. †Copy of the Procès Verbal (Meeting of O.P.D. Council, 27th August, 1924).

A claim has been made by the Société Régie Générale des Tabacs Ottomans (hereinafter called " the Society ") against the British Government for compensation in respect of the suppression of the Society's monopoly in 'Iraq, Palestine, and Trans-Jordania, in 1915 and onwards, and in connection therewith His Majesty's Government desires to be advised on certain questions of Turkish law. The facts are shortly as follows:—

In 1883 the Ottoman Government granted a Concession§ to the Society, an Ottoman Company, for the exploitation of the tobacco monopoly in the Turkish Empire for thirty years, in return for which the Society undertook to pay £T750,000 to the Government; the balance of the net profits were to be divided between the Government, the Council of Administration of the Ottoman Public Debt, and the Society. The Society had a capital of 40,000,000 francs held almost entirely by French shareholders. In 1913 negotiations were opened between the Ottoman Government and the Society for a renewal of the concession. It is understood that the monopoly was not popular in the Empire, but that the Government having become embarrassed financially desired to obtain a loan from the Society in return for extending the monopoly. A Convention was eventually drawn up renewing the Concession for fifteen years from the 15th April, 1914. (Document 2 herewith.)

Article 6 of this Convention refers, *inter alia*, to the fact that by the Treaty of Lausanne, 1912 (*sic*) certain modifications had been made in the territory of the Ottoman Empire, and further negotiations then pending might result in other modifications, and states that the exploitation of the monopoly might become impossible in other parts of their territory. It accordingly provided for certain financial adjustments in the event of this happening, and in effect (as the Treasury Solicitor is informed) reproduced the provisions of Article 7 of the original Cahier des Charges of 1883.‖

By Article 14, provision was made for arbitration on any disputes as to the execution or interpretation of the Convention. It also provided means whereby the Convention might be cancelled if serious infractions of its terms were committed by the Society. In this event the Society was to pay a certain sum by way of damages.

A protocol was attached to the Convention (*see* document 3 herewith), Article 1 of which provided conditions which were to apply in the event of the Convention being terminated. The Turkish Government undertook, subject to Parliament's ratification, to put into force the law and regulations annexed to the Convention and contemplated by Article 14 of that document. The article also gave the Society power to demand the cancellation of the Concession if Parliament modified the law, or if for any reason Parliament was unable to come to a decision before the 1st April, 1914.

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* Enclosure 3 in No. 7. † Not printed. ‡ Enclosure in No. 11.

§ See ch. XCII of Volume V of Young's Corps de Droit Ottoman.

‖ The Convention of 1883 and Cahier des Charges will be found in Chapter XCII of Volume V of Young's Corps de Droit Ottoman to which Count Ostrorog no doubt has access.

The demand for cancellation had to be made within certain specified periods, and if not so made it was declared that the Convention could not be cancelled.

The right was not in fact exercised.

Article 2 of the Protocol set out the terms of a loan by the Company to the Government of £T150,000, which was no doubt the main consideration for the grant of the Concession and was duly made.

In fact the Convention was never confirmed by Parliament. A provisional law was drawn up which was submitted to Parliament, but no decision was taken upon it. No doubt the Government were unwilling to take the risk of a decision. Nevertheless, the Society continued to operate, and Parliament annually voted the money required to pay off the loan.

In March, 1915, British Forces having entered Mesopotamia, the operations of the Society were suspended in the Basrah Wilayet. In 1917 suspension occurred in the Baghdad Wilayet, and in 1918 in the remainder of 'Iraq. Suspension of the monopoly occurred in Palestine in April, 1921, but in Trans-Jordan the actual date is not known, although the Society is still operating in those territories.

At the Lausanne Conference in January, 1923, much discussion took place with regard to concessions, and a Turkish representative there stated (referring without doubt to the Régie des Tabacs) that as the Concession had not yet received the approval of Parliament it was impossible to consider the operations connected therewith as entirely concluded. No specific mention of this concession is made in the Treaty or Concessions Protocol.

In fact the Turkish Government had already deprived the Society of its revenues, and had set up a director of their own at Angora to administer the monopoly, though the Society was apparently permitted to carry on ordinary business as dealers in tobacco in Turkey itself, and on the 13th June, 1923, an agreement (document 4 herewith) was made between the Society and the Turkish Government by Article 8 of which the Society agreed *de son propre gré* to concede to the Government the right to suppress the administration of the monopoly before its natural expiration by 3 months' notice (such notice to expire at the end of a financial year), and neither party was to have any claim to indemnity or compensation. The conditions on which it might be terminated were to be those provided for in the 1913 Protocol subject to certain financial adjustments. The Government further undertook whenever the concession came to an end, whether by effluxion of time or cancellation under Article 8, to repay to the Company the amount of its capital, 40,000,000 francs. In August, 1924, notice was given by the Ottoman Government in accordance with the 1923 Agreement, and the cancellation date was fixed as the 1st March, 1925. From that date onwards the control and sale of tobacco was to be administered by the Ottoman Government direct.

There is sent herewith a copy of the *Procès Verbal* (document 6 herewith) of a meeting of the O.P.D. Council, 27th August, 1924, which relates to the action taken by the Ottoman Government in suppressing the Régie.

A draft law to give effect to this proposal was submitted to the Grand National Assembly, and pending consideration of this draft a provisional law was passed to enable the Government to administer the Régie in its existing form.

In 1926 the Society submitted a claim through diplomatic channels to the British Government for damages arising from the suppression of its monopoly in 'Iraq, Palestine, and Trans-Jordania.

In considering the claim the question has been raised whether in the absence of approval by the Turkish Parliament the Convention of 1913 was valid and binding on that Government.

In document 1 will be found the reasoned arguments of the Society for their contention that the provisional law made in 1913 was in fact a definite law. These may be summarised as follows:—

(1) If Parliament had decided to abrogate the provisional law they would have had to pay damages to the Society, since the Government had executed the Convention; (2) the Society holds a written assurance from the Turkish Minister of Finance that the Convention was definite (*see* document 5); (3) the fact that Parliament annually voted sums to extinguish the loan showed that Parliament had impliedly if not expressly approved of the Convention.

The following Article (36) of the Turkish constitution, which provides for emergency legislation, is relied on by the Society to justify the making of a provisional law:—

> " If while Parliament is not sitting there appears an urgent necessity to guard the State from harm or the public safety from danger, and the time does

not permit to summon an Assembly of Parliament for the discussion of the necessary law on the subject, decisions of the Council of Ministers, provided they are not contrary to the provisions of the constitution, and are sanctioned by Imperial Irade, shall have the force of temporary laws until Parliament meets and gives a decision; but they must be submitted to the Chamber of Deputies at its first sitting."

It would not appear that a renewal of the Concession was of such importance as to warrant the use of the procedure which such an article provided.

It is important for the mandated territories to come to a decision on this point, because of the effect of Article 9 of the Concessions Protocol attached to the Treaty of Lausanne, the material portion of which is as follows:—

> "In territories detached from Turkey under the Treaty of Peace assigned this day, the State which acquires the territory is fully subrogated as regards the rights and obligations of Turkey towards the nationals of the other contracting Powers, and Companies in which the capital of the nationals of the said Powers is preponderant who are beneficiaries under concessionary contracts entered into before the 29th October, 1914, with the Ottoman Government. . . . . This subrogation . . . . will have effect as from the 30th October, 1918."

As a result of this Article the mandated territories in question are possibly subrogated as regards the rights and obligations of the Turkish Government towards the Society, and it is therefore important to know whether the non-ratification of the Convention of 1913 rendered the concession invalid in contract law, and whether any obligations were incurred by the Turkish Government by the signature of the Convention.

The further point on which an opinion is desired is as to the effect under Turkish law of the action taken in 1924 by the Turkish Government in connection with the suppression of the Régie.

From the *Procès Verbal* (document 6) it appears that the Government decided to pay in cash to the Society the amount of its capital and to become proprietors of all the assets (" existences ") and all the rights and liabilities of the Society in the Régie.

It is obviously a matter of importance to know whether in consequence of this decision and of the steps presumably taken by the Government to carry it out the juridical personality of the Society has been terminated, or if not whether its rights and liabilities in regard to the Régie have passed to the Turkish Government. It is appreciated that the information now placed before him is probably insufficient to enable a definite opinion on these points to be given, but Count Ostrorog is requested to consider the matter and furnish such suggestions as he finds possible which may assist in pursuing it further.

> An opinion is requested (1) as to whether the non-ratification of the Convention of 1913 rendered the Concession invalid in Turkish law and as to whether, if so, any obligations were incurred by the Ottoman Government by the signature of that Convention. (2) As to the effect on the juridical personality and the rights and liabilities of the Society of the agreement of 13th June, 1923, and the action taken by the Ottoman Government thereon.

C. 49048/27 [No. 67].

No. 13.

OPINION OF COUNT OSTROROG, DATED 22ND SEPTEMBER, 1927.

(Received in Colonial Office, 29th September, 1927.)

22nd September, 1927.

Société Régie Générale des Tabacs Ottomans

v.

British Government.

I HAVE carefully considered the contents of the Instructions to Advise* and of all the documents annexed thereto.

A Convention of 4th August, 1913, between the Ottoman Government, the Council of Administration of the Ottoman Public Debt, and the Régie, purposing to extend the

* No. 12.

duration of the Régie Concession for a further period of fifteen years—that is to say till 1929—not having been put before, and sanctioned by, a vote of the Turkish Parliament, the question arises whether that Convention may be considered as valid and operative.

Under Turkish Constitutional Law, any Convention involving disposal of Public Revenue must be submitted to the approval of Parliament. To speak in terms of Turkish Law, such as it existed in 1913, that is to say of the Mohammedan Law of Hanefi doctrine forming the basis of the *Mejelleh*, the position of the Turkish Government towards Parliament in that respect was to be analysed as that of a minor towards a tutor, both last terms to be taken in the acceptation given to them in Roman Law. Consequently in strict law, any such Convention, previous to ratification by vote of Parliament, should have been considered as a contract technically called *Mevquf*, that is to say, a contract formed under *suspensive* condition, only to acquire definite validity and operative character by that vote of ratification. But practice was different, and, indeed, could hardly have been otherwise than different. The Sessions of Turkish Parliament were short—only a few months in each year—and important decisions, some of them necessitating approval by Parliament, had, notwithstanding, to be taken while Parliament was not sitting. It was consequently admitted that decisions implying such an approval could be taken in the interval of Sessions and promulgated by simple Imperial Decree, subject to their being subsequently presented for ratification by Parliament. Now this toleration would have been of no practical value if all such decisions or undertakings had been affected of a strictly *suspensive* condition. Consequently, in the practice of Turkish Constitutional Law, they were considered as being simply affected of a *resolutive* condition, that is to say, as being valid and operative until and unless a subsequent vote of Parliament reversed the decision or rejected the undertaking. There exist precedents in that sense, both numerous and important, not only in the matter of Conventions (*e.g.*, the Armstrong-Vickers Docks and Arsenals Convention), but in the matter of laws of a fundamental character. Suffice it to say that, for instance, the whole series of new Turkish Laws of Property in Real Estate, deeply modifying the old Land Statute, introducing hypothecary system in Turkey and an entirely new order of succession, remain to this day, laws termed *Muvaqqat*, provisional, that is to say, promulgated by simple Imperial Decree pending presentation before, and approval by Parliament. As regards the case under consideration, it is moreover to be observed that there exists, in favour of the practical validity and operative character of the Régie Convention of 1913, something more than what was current practice in the lack of any adverse vote of Parliament. I find in the Collection of Laws of the Turkish Republic an article of a Law of Finance of 28th February, 1337 (1921), voted by the Great National Assembly, which I translate literally as follows:—" *Article* 22. In the districts subject to the authority of the Great National Assembly, the Régie Administration continues to operate as in the past, no alteration brought into its administration and organisation."

Consequently, I am of opinion that, in the common practice of Turkish Constitutional Law, the Convention of 1913 is to be considered as one that was, *de facto*, valid and operative.

On 13th June, 1923, an understanding was come to between the Turkish Government and the Régie, and Clause 8 of that understanding stipulated the right of the Turkish Government to suppress at any moment the Administration of the Tobacco Monopoly upon three months' notice being given. It further results from the Minutes of the Board Meeting of the Council of Administration of the Ottoman Public Debt of 27th August, 1340 (1924), that on 30th July, 1340 (1924), the Turkish Government exerted that right of cancellation, and suppressed the Administration of the Régie. The Council of Administration of the Ottoman Public Debt had not been party to the understanding of 13th June, 1923, probably by reason of the fact that the Régie Plenipotentiary negotiated that understanding at Angora, before Peace was signed (date of Peace Treaty, 26th July, 1923), under conditions—I am speaking from personal experience—rendering communication with the outside world impossible. However that may be, the Council of Administration of the Ottoman Public Debt protested, alleging that no understanding regarding the Tobacco Revenue could be come to without the concurrence of the Council of Administration of the Ottoman Public Debt.

Such being the facts, what is the legal position?

There can be no doubt that the Council of Administration of the Ottoman Public Debt had every right to protest. The Turkish Tobacco Revenue is one of the revenues assigned by the Decree of Muharrem—the fundamental text in the matter—to the

Council of Administration of the Ottoman Public Debt as a security for the payment of interest and sinking fund on the loans and advances of which that International Administration is commissioned to pursue the reimbursement. It was assigned " absolutely and irrevocably until total extinction of the Ottoman *Debt* " (Decree of Muharrem, Article 8), and it is a matter of common knowledge that the extinction of the Debt is a fact not yet realised. The Régie had been brought into existence by the consent of the Council of Administration of the Ottoman Public Debt, using a right expressed in Article 9 of the Decree of Muharrem. Both in the Cahier des Charges of the Régie, when the Régie was instituted in 1883 (Article 27), and in Article 14 of the Convention of 1913, it was expressly stipulated that any modification to the state of things created demanded, as a necessary condition, the concurrence of the Debt. Consequently, speaking on strictly legal terms—I am always referring to Turkish law as it existed at that date of 1923—the understanding of 13th June, 1923, between the Turkish Government and the Régie must be described as having the character of a contract technically called *Fudhuli*—that is to say, a contract bearing on a thing over which the rights belong to a third party, and concluded without that third party being consulted. In the Hanefi Law of Contract such contracts are by no means considered as being initially and necessarily void in so far as the two parties to a *Fudhuli* contract are concerned, but their final qualification as valid or void is made subject to the decision of the true holder of rights over the thing contracted upon. Applying those principles to the facts under consideration, it must be said that the validity of the understanding of 13th June and of all decisions based on that understanding depend on what the Council of Administration of the Ottoman Public Debt may have finally decided in its capacity of true holder of the security contracted upon without its concurrence. The papers mentioned an understanding lately arrived at between the Turkish Government and the Council of Administration of the Ottoman Public Debt in settlement of their respective contentions. Possibly the mode of collection of the Tobacco Revenue has been one of the points discussed and settled. His Majesty's Government presumably possess possibilities of information regarding the results of the negotiation thus reported. For the lawyer it suffices to say that the question of the validity, in Turkish Law, of the understanding of 13th June, 1923, and of the suppression of the Tobacco Monopoly based on Article 8 of that understanding, is a question to be answered in the affirmative or the negative according to the attitude finally adopted in the matter by the Council of Administration of the Ottoman Public Debt.

OSTROROG.

C 59008/28 [Nos. 23-25.]

No. 14.

COLONIAL OFFICE to [FOREIGN OFFICE] [TREASURY] [BOARD OF TRADE.]

SIR, Downing Street, 8th February, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 3rd of February* numbered as above in regard to the claim made by the Society of the Ottoman Tobacco Régie.

2. It is proposed that the Conference, which is to be held to consider the matter should discuss the question of the procedure to be adopted in communicating with the Society. In this connection, it is to be noted that a firm of Solicitors, Messrs. Johnson, Jecks and Colclough, have several times communicated with this Department on behalf of the Society, and, as stated in the despatches addressed by the Secretary of State to the High Commissioner for 'Iraq and the Officer Administering the Government of Palestine, on the 2nd of February,† copies of which accompanied the letter under reference, it will be necessary to obtain from the Society proof that the capital in the Society on the 30th of October, 1918, was predominantly allied, and also to obtain proof of the correctness of the figures given for the years 1909-1913 as the profits made by the Society on the whole of their operations and on their operations in the three territories concerned.

3. It is suggested that the Conference should also consider the following matters :—

(*a*) the claim of the Society to be paid on a gold basis, and

(*b*) the claim of the Society to receive an annual increase of ten per cent. on the average of the profits received between 1909 and 1913.

* C. 59008/28 [Nos. 20 22] : not printed.

† C. 59008/28 [Nos 16-17] : not printed.

4. I am also to point out that, apart from the question of the counter claim of Palestine against the Society for customs duty (which in view of Article 4 of the Convention of 1913, would appear to be invalid), the Governments of Palestine and Trans-Jordan also claim the portion of profits due to the Turkish Government from the 30th of October, 1918, until the cancellation of the monopoly in April, 1921, and an adjustment of the claim in view of the fact that the Society have continued to carry out certain operations in Palestine since the suppression of the monopoly. The claim against Trans-Jordan, being calculated on the basis that Trans-Jordan includes the Kaza of Ma'an, would seem to require revision since Ma'an was not included in Trans-Jordan until 1925.

5. I am also to suggest that it would be convenient to consider at this stage the question of what, if any, portion of the claim preferred in respect of 'Iraq would fall to be met by His Majesty's Government.

6. Similar letters are being sent to the [Treasury and the Board of Trade] [Foreign Office and the Board of Trade] [Foreign Office and the Treasury.]

I am, &c.,
J. E. SHUCKBURGH.

C 59008/28 [No. 31.]

No. 15.

MINUTES OF AN INTER-DEPARTMENTAL CONFERENCE HELD AT THE COLONIAL OFFICE ON THE 9TH OF FEBRUARY, 1928, ON THE SUBJECT OF THE CLAIM OF THE TOBACCO REGIE SOCIETY.

Present:

Mr. A. J. Harding, C.B.E., in the Chair.	
Mr. J. H. Hall, D.S.O., M.C.,	Colonial Office.
Mr. F. J. Howard, O.B.E.,	
Mr. S. Robinson,	
Lord Monteagle, C.M.G., M.V.O.,	
Mr. H. J. Seymour, C.M.G ,	Foreign Office.
Mr. M. Shearman,	
Mr. G. Stuart King, M.C.,	Treasury Solicitor's Office.
Mr. A. G. Newman,	
Mr. T. K. Bewley,	Treasury.
Mr. L. Cuthbertson,	
Mr. E. J. Elliot,	Board of Trade.

LORD MONTEAGLE said that in view of the Law Officers' opinion he was instructed to state that the Secretary of State for Foreign Affairs was not prepared to defer longer a communication to the French Ambassador stating in principle that His Majesty's Government were prepared to settle the claim. After discussion it was agreed that the nature of the statement to be made to the French Government could best bc considered when the procedure for dealing with the claim had been decided.

MR. HARDING said that the Solicitors, Messrs. Johnson, Jecks and Colclough, who had already approached the Colonial Office on the subject several times would presumably act for the Society. There was little doubt that the Government of Palestine would leave the matter in the hands of the British Government, but they might decide to delegate an officer to assist in the negotiations. Until a reply had been received to the despatch addressed to the High Commissioner for 'Iraq on the 2nd of February* it was not possible to say whether the British Government could act for the 'Iraq Government in the matter, but for the purposes of the Conference he proposed to assume that 'Iraq would wish the British Government to act for them. He suggested that the Treasury Solicitor, who had great experience in dealing with claims of this kind, should be asked to conduct the negotiations with the representatives of the Society, and Mr. Stuart King having consented, this proposal was accepted.

MR. STUART KING then said that if the Society would place the matter in the hands of the Solicitors, it would be possible to make progress with the claim without abandoning any of the lines of defence open to the Governments concerned. The first point to be settled was whether the capital in the Society on the 30th of

* C. 59008/28 [No. 17] : not printed.

October, 1918, was predominantly allied. If the Society were not able to furnish proof on this point it might be useless to go further into the details. In view of other claims which were under consideration, it might not, however, be desirable to press too hard the view that the 30th of October, 1918, was the determining date, and possibly the consideration was one which should only be used for bargaining. He understood the opinion of the Law Officers on the claim to mean that while the Governments might have a number of technical grounds of defence, the moral claim of the Society to some compensation was strong, and before an international tribunal would be difficult to defend entirely. Mr. Stuart King urged that it was important to avoid the use of the term " settlement " in communicating with the French Government, since if His Majesty's Government were to state that they were prepared to negotiate a settlement, this would be read to mean that they admitted the merits of the claim and that it only remained to determine the precise amount of compensation to be paid. For the reason already given, he was also anxious that reference should not be made in any communication addressed to the French Government to the question of allied share-holding or of the material date under Article 9 of the Concessions Protocol. Moreover he was not at present prepared to accept the view that a settlement involving payment of compensation was inevitable.

After discussion, during which it was pointed out that no definite statement as to the attitudes of the Governments concerned could be made without the consent of the 'Iraq Government, the Conference agreed to recommend that the French Ambassador should be informed forthwith that His Majesty's Government were now in a position to discuss the claim of the Society in all its aspects with representatives of the Society and to suggest that Messrs. Johnson, Jecks and Colclough, who were understood to be the Solicitors to the liquidators, should place themselves in communication with the Treasury Solicitor for this purpose.

Lord Monteagle said that he would have to refer the matter to higher authority, but that the Colonial Office would be consulted if the Foreign Office wished to modify the proposed reply. He also asked that the Governments of 'Iraq and Palestine should be requested to give their views by telegram, and it was agreed that this should be done.

As regards the claim of the Society that the basis for determining the amount of compensation should be the average of their profits during the years 1909 to 1913, Mr. Bewley suggested that the years 1918 to 1921 might afford a sounder basis in the case of Palestine and Trans-Jordan; and that it might also be well to endeavour to obtain from the Governments figures for tobacco production, &c., since the War upon which to assess the amount of compensation to be paid. Mr. Stuart King agreed, and said that it seemed to him that the basis of the claim made by the Society was entirely wrong. *Prima facie* it should be based upon actual figures of tobacco production or tax collection during the years covered by the claim, not upon hypothetical profits calculated upon pre-war averages. It was possible, however, that a claim based upon " actuals " might prove to be less favourable to the Governments. All this would have to be carefully examined.

As regards the claim of the Society to be paid upon a gold basis, Mr. Hall said that in the case of the claim of the Jaffa-Jerusalem Railway, the claim submitted was on a gold basis but that eventually a franc basis was accepted. This case did not, however, afford a useful precedent as it was settled by agreement. Mr. Harding pointed out that, as Egyptian currency had been used in Palestine and Trans-Jordan since the War and Indian currency in 'Iraq, the Society would have operated on a gold basis if their concession had not been terminated.

As regards the claim of the Society to an annual increase of 10 per cent., reference was made to Lord Plumer's despatch of the 18th of June, 1926,* in which he pointed out that the Society's profits for the years 1895 to 1905 indicated considerable fluctuations.

As regards these matters and also the counter claims made by the Governments of Palestine and Trans-Jordan, it was agreed that careful investigation was necessary. While it appeared that Article 4 of the 1913 Convention ruled out the counter claim made by Palestine in respect of customs duties, this had been pointed out to the Palestine Government, who had therefore an opportunity of developing their claim further if they saw ground for doing so.

As regards the question of providing funds for the payment, if any, to be made by the Trans-Jordan Government, Mr. Cuthbertson said that the grant-in-aid made to Trans-Jordan was in respect of the cost of the Trans-Jordan Police Force and the establishment of the British Resident. Mr. Howard pointed out that the grant-in-aid

* C. 12921/26: not printed.

was now less than these costs and in effect made good the deficit on the Trans-Jordan Budget. Mr. Cuthbertson then said that the Treasury attitude was that if compensation had to be paid in respect of Trans-Jordan it should be spread over a number of years. If, as seemed possible since the Society was in liquidation, an immediate and full payment was pressed for, Treasury might not raise any difficulty with regard to the indirect effect on the grant-in-aid, especially if upon one ground and another the claim were considerably whittled down.

As regards the apportionment of any compensation paid in respect of 'Iraq between the British and 'Iraq Governments, Mr. Cuthbertson said that a settlement on a cash basis had been made on the 31st of March, 1921, and that, as from the 1st of April of that year, receipts and expenditure in respect of 'Iraq fell to the 'Iraq Government, whether the receipts had accrued or the commitments for expenditure had been incurred prior to that date or not. Mr. Hall replied that this arrangement had not been followed in all cases. He foresaw some difficulty in persuading the 'Iraq Government to agree to pay the Society compensation for the period prior to the 1st of April, 1921, since the concession had been terminated by the military authorities without consultation with local authorities, and the matter had not been in the control of the 'Iraq Government. Mr. Cuthbertson said that the Treasury would not be able to agree in any case to make a cash payment as it would be difficult now to ask Parliament to vote money for the purpose. If it were decided that the British Government were liable for a part of the compensation paid in respect of 'Iraq, the Treasury would, no doubt, seek to set the amount off against some debt by the 'Iraq Government to the British Government on the lines of the Jaffa-Jerusalem Railway settlement with Palestine. It was agreed that the matter should remain in abeyance until the 'Iraq Government raised the question.

C. 59008/28 [Nos. 29-30.]

No. 16.

The SECRETARY OF STATE to the HIGH COMMISSIONER, AND THE OFFICER ADMINISTERING THE GOVERNMENT.

[1] 'Iraq (No. 71.)
[2] Palestine (No. 21.)

(Sent 1.45 p.m., 11th February, 1928.)

Telegram.

[*Answered by* [1] *No.* 19.]

My despatch 2nd February [Confidential, A*] [Confidential*] Ottoman Tobacco Régie. As the claim was received more than two years ago and French Government are pressing strongly for a reply I shall be glad if matter can be considered urgently, and you will as soon as possible inform me by telegraph of views of ['Iraq Government] [Palestine and Trans-Jordan Governments] and whether they desire that matter should be dealt with by His Majesty's Government or wish to delegate officers to treat direct. It is proposed that detailed discussions with Society's Solicitors should be conducted through Treasury Solicitor's Department, which has considerable experience of negotiating settlement of similar claims.—Amery.

C 59008/28 [No. 41.]

No. 17.

'IRAQ.

The HIGH COMMISSIONER to the SECRETARY OF STATE.

(Received 13th February, 1928.)

(Confidential.)

Sir, The Residency, Baghdad, 31st January, 1928.

I have the honour to invite a reference to Mr. Bourdillon's telegram, No. 599, dated the 13th of December, 1927,† on the subject of the claim of the Ottoman Tobacco Régie and in particular to the last paragraph thereof.

* C. 59008/27 [Nos. 16-17]: not printed. † C. 49048/27 [No. 113]: not printed.

2. In this connection I now enclose four signed statements in original in Arabic, together with English translations of them. These statements, which have been taken from persons of repute, corroborate the statement made by Rizqalla Pio given in the above-mentioned telegram.

I have, &c.,
H. DOBBS,
High Commissioner for 'Iraq.

Enclosure 1 in No. 17.

(Translation.)

I, the undersigned, Abbas Fadhil, Mutasarrif of Kut Liwa', declare that I was an official in the Régie Company from 1888 to 1910 as mamur in several localities within the two Liwas of Baghdad and Basrah, and also as Mudir Markaz in Baghdad and Diarbaker. The operation of the said Company consisted of collecting fees on the various kinds of tobacco produced in 'Iraq in the name of mourouria fee, in accordance with the Tobacco Nizam just as it used to be collected by Government prior to the establishment of Régie. The Company never bought nor manufactured tobacco.

Made under my signature.

ABBAS FADHIL.

16th January, 1928.

Enclosure 2 in No. 17.

(Translation.)

I, the undersigned, a deputy in the 'Iraq Parliament and a tobacco merchant in 'Iraq since the Turkish regime in 'Iraq, declare that the activities of the merchants with the Régie Company during the Turkish regime consisted of paying, to the said Company, fees on various kinds of tobacco. The Company never bought nor manufactured tobacco.

Made under my signature.

MIRZA FARAG

17th January, 1928.

Enclosure 3 in No. 17.

(Translation.)

I, the undersigned, a tobacco merchant since the Turkish regime in 'Iraq, declare that the activities of the merchants with the Régie Company during the Turkish regime consisted of paying, to the said Company, fees on the various kinds of tobacco. The Company never bought nor manufactured tobacco.

Made under my signature.

AL HAJI ALI AGHA.

19th January, 1928.

Enclosure 4 in No. 17.

(Translation.)

I, the undersigned, a tobacco merchant since the Turkish regime in 'Iraq, declare that the activities of the merchants with the Régie Company during the Turkish regime consisted of paying, to the said Company, fees on the various kinds of tobacco. The Company never bought nor manufactured tobacco.

Made under my signature.

MOHAMMED JAWAD SHAHRABANLI.

19th January, 1928.

C 59008/28 [Nos. 43-44.]

No. 18.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT AND THE HIGH COMMISSIONER.

[1] PALESTINE. (Confidential.)
[2] 'IRAQ. (Confidential D.)

[*Answered* [1] *by No.* 23.]

SIR,

Downing Street, 16th February, 1928.

I HAVE the honour to refer to [your telegram No. 19 of the 13th of February*] [Mr. Ormsby Gore's telegram No. 71 of the 11th of February†] in regard to the claim made by the Society of the Ottoman Tobacco Régie.

2. As stated in [Mr. Ormsby Gore's telegram No. 21 of the 11th of February†] [that telegram] it is proposed that the detailed discussions of the claim should be conducted on behalf of His Majesty's Government through the Treasury Solicitor's Department. If the Governments concerned are prepared to negotiate with representatives of the Society it will, of course, be necessary to call for proof that the capital in the Society was predominantly allied on the 30th of October, 1918; and, although the Law Officers' opinion would seem to indicate that the moral claim of the Society to some compensation is strong, and before an International tribunal would be difficult to defeat entirely, the Treasury Solicitor would propose, I understand, to take as much advantage as is possible of the various technical grounds of defence which are open to the Governments concerned.

I do not wish to anticipate the decision of the [Palestine and Trans-Jordan Governments] ['Iraq Government] as to the attitude to be adopted to the claim, so far as [those Governments are] [that Government is] concerned, but it seems desirable to have available information which might be of assistance in the examination of the details of the claim.

4. The Society claims that damages should be assessed on the basis of the average of their profits during the five years 1909 to 1913, and Article 6 (*a*) of the Convention of 1913 may give the Society some justification for assessing the amount of the compensation upon the average of the net profits realised during a period of five years. Further, it must no doubt be admitted that the years 1914 to 1918 would not afford a reasonable basis for the assessment of damages. The proportion of the profits payable to the Turkish Government, the Council of the Debt and the Society under the original Concession were, however, varied, to the disadvantage of the Society, by the Convention of 1913, and if in this respect only, the claim of the Society to receive damages on the basis of their profits during the years 1909 to 1913, without any adjustment to conform with the provisions regarding the distribution of profits contained in the 1913 Convention, may be rebutted. If the figures in respect of the years subsequent to [April, 1921, in respect of Palestine and June, 1921, in respect of Trans-Jordan] [the 30th of October, 1918] upon which an estimate can be framed of the profits which might have accrued to the Society, can be produced and prove favourable to the [Governments] [Government], it might be desirable to maintain that these provided the correct basis for the assessment of damages. [*To* [1] only: In any case, as the Society operated their monopoly in Palestine and Trans-Jordan until April and June, 1921, the figures for the periods from the 30th of October, 1918, to April and June, 1921, might afford a better basis for determining the amount of damages to which the Society may be entitled.]

5. I shall be glad if you will [examine and ask the Trans-Jordan Government to examine] [ask the 'Iraq Government to examine] this aspect of the question and will furnish me with any figures or other information which might be taken into account in the examination of the claim from this point of view.

[*To* [1] only: 6. I shall be glad also to have any information which you may be able to obtain in regard to the profits made by the Society from the commercial business of manufacture and sale of tobacco in Palestine and Trans-Jordan since the termination of their monopoly, in order to determine the amount by which a reduction of the Society's claim should be claimed on this account.]

I have, &c.,
L. S. AMERY.

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* C. 59008/28 [No. 40]: not printed.

† No. 16.

C. 59008/28 [No. 49.]

No. 19.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 5.11 p.m., 16th February, 1928.)

TELEGRAM.

[*Answered by No.* 22.]

16TH FEBRUARY, 1928. No. 91. Your telegram No. 71 of 11th February.* See paragraph 8 of your despatch of 2nd February Confidential A.† It is rumoured here that in spite of alleged liquidation of Régie Cointeressée des Tabacs, Society is still in a position to undertake commercial operations and is actually doing so in Turkey. Could it be ascertained before 'Iraq Government replies on main proposals whether Society would be prepared to entertain the suggestion of some concession in 'Iraq as *quid pro quo* compensation.—DOBBS.

C. 59008/28 [Nos. 45-48.]

No. 20.

COLONIAL OFFICE

to

[1] FOREIGN OFFICE.
[2] TREASURY.
[3] BOARD OF TRADE.
[4] TREASURY SOLICITOR.

SIR, Downing Street, 20th February, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 8th of February,‡ numbered as above, in regard to the claim made by the Society of the Ottoman Tobacco Régie and to transmit to you [*To* [1]-[3]: to be laid before [Secretary Sir Austen Chamberlain] [The Lords Commissioners of the Treasury] [the Board of Trade]] a copy of the Minutes§ of the Inter-departmental Conference held on the 9th of February to consider the situation arising out of the Law Officers' Opinion‖ on this claim.

2. Mr. Amery understands that a communication has now been addressed to the French Ambassador in the sense recommended by the Conference. Copies of telegrams addressed to the High Commissioner for 'Iraq and the Officer Administering the Government of Palestine requesting an early indication of the views of the Governments concerned were communicated to you in Colonial Office letter of the 14th of February.¶ I am now to enclose copies of despatches** which the Secretary of State has addressed to the High Commissioner for 'Iraq and the Officer Administering the Government of Palestine in regard to the question of the basis for calculating any compensation to which the Society may be entitled, which was discussed at the Conference.

I have, &c.,
J. E. SHUCKBURGH.

C. 59008/28 [No. 56.]

No. 21.

FOREIGN OFFICE to FRENCH AMBASSADOR

(Received in Colonial Office 24th February, 1928.)

(No. E. 730/121/65.)

YOUR EXCELLENCY, Foreign Office, S.W.1., 13th February, 1928.

IN a note dated the 16th September last, Your Excellency enquired the result of the examination which, as a result of previous communications from the

* No. 16. † C. 59008/28 [No. 17]: not printed. ‡ No. 14. § No. 15.
‖ No. 53A in L.O.O. Series, Volume VIII. ¶ C. 59008/28 [Nos. 36-39]: not printed.
** No. 18.

French Government, was being made by His Majesty's Government into the claim of the Ottoman Tobacco Régie in respect of the termination of its monopoly in 'Iraq, Palestine and Trans-Jordan; and in my reply of the 17th November, the position as it then stood was set forth.

2. In continuation of that reply, and with reference to the further enquiries in your note of 6th January, I have the honour to inform you that His Majesty's Government are now in a position to discuss the claim of the Ottoman Tobacco Régie in all its aspects with representatives of the Company, and suggest that Messrs. Johnson, Jecks and Colclough, of 24, Austin Friars, London, E.C., the solicitors acting in this country for the liquidator of the Régie des Tabacs de Turquie, should place themselves in communication with the Treasury Solicitor for this purpose.

I have, &c.
(for the Secretary of State),
MONTEAGLE.

C. 59008/28 [No. 52.]

No. 22.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 2.30 p.m., 25th February, 1928.)

TELEGRAM.

No. 89. Your telegram of 16th of February, No. 91 * Tobacco Régie. Question of granting concession in 'Iraq cannot be raised now without prejudicing case of Palestine and Trans-Jordan as well as that of 'Iraq. Offer of concession at present stage would be tantamount to admission in principle of validity of Society's claim. Point can only arise when question of amount of damages to be paid to Society is reached. Moreover, 'Iraq Government can hardly decide terms of further concession without knowing roughly the extent of their existing liabilities. At some later stage, if satisfactory evidence as to allied preponderance of shares has been produced and amount of payment to Society is under discussion suggestion could be brought forward.

I shall be glad to receive very early reply to my telegram of 11th February.†—AMERY.

C. 59008/28 [No. 62.]

No. 23.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 12th March, 1928.)

(Confidential C.)

SIR, Government Offices, Jerusalem, 2nd March, 1928.

IN reply to your Confidential despatch of the 16th of February,‡ regarding the claim made by the Society of the Ottoman Tobacco Régie, I have the honour to inform you that Palestine and Trans-Jordan desire to be represented by His Majesty's Government in the discussions with the Society of the Ottoman Tobacco Régie concerning its claim against those two Governments.

2. The Attorney-General independently reached similar conclusions to those of the Law Officers of the Crown, and this Government, therefore, agree to the proposal that the Treasury Solicitor should take such advantage as is possible of the several technical grounds of defence which are open to the Governments concerned.

3. The following considerations are also relevant to the issue:

(i) The Palestine and Trans-Jordan Governments would appear to be entitled not only to a proportion of the share of the profits or expected profits of the Régie which were due to the Ottoman Government, but also to a proportion of the payment due by the Régie to the Council of the Ottoman Debt,

* No. 19. † No. 16. ‡ No. 18.

because since 1920 these Governments have been responsible for a proportion of the Ottoman Debt and are therefore subrogated to the rights of the Council of the Debt.

(ii) The Régie have been carrying on business as manufacturers and sellers of tobacco since 1921, when the monopoly was abolished, and the profits which they have made in that business should therefore be deducted from the contemplated profits under the monopoly for the loss of which they claim compensation.

4. As regards the basis on which the Society claims that damages should be assessed, figures are not available locally for any of the periods mentioned in paragraph 4 of your despatch. It is understood that the officers of the Society removed their accounts from Palestine at the time of the termination of the monopoly. In these circumstances, I would suggest that the Treasury Solicitor should apply to the Society for them.

I am inclined to the view that the figures in respect of the years from 1918-1921 may be abnormal on account of the presence of the Army in Palestine during these years, and might not afford a favourable basis for the assessment of damages.

5. I regret to say that particulars with regard to the profits made by the Society from the commercial business of the manufacture and sale of tobacco in Palestine and Trans-Jordan since the termination of their monopoly, are also not available locally. It may be possible for the Treasury Solicitor to obtain these particulars from the Society.

6. It should be noted that general conditions in Trans-Jordan during the years 1921-1923 were very abnormal, and it is open to question whether in actual circumstances the Society would have been able to enforce their monopoly.

Even now tobacco cannot be imported in transit through Syria to Trans-Jordan because the Régie Administration, which is still operative in Syria, prohibits it. Neither can tobacco be imported to Trans-Jordan in transit through Palestine. The result of this is that tobacco imported through Palestine has been subject to Customs duty in Palestine as well as in Trans-Jordan, and, as the consequence, Régie tobacco imported from Syria has found a ready market in Trans-Jordan. For this reason, some abatement in the claim against Trans-Jordan would appear to be necessary.

I have, &c.,
PLUMER, F.M.,
High Commissioner for Palestine and Trans-Jordan.

C. 59008/28 [No. 70.]

No. 24.

MR. G. STUART-KING (TREASURY SOLICITOR) to MR. J. H. HALL (COLONIAL OFFICE).

Storey's Gate,
DEAR HALL, St. James's Park, London, S.W.1, 16th March, 1928.

Tobacco Régie.

IN accordance with the arrangements made at the recent departmental conference, I had an interview with Mr. Jecks, of Messrs. Johnson, Jecks, and Colclough, on the 2nd instant. At this interview I discussed the claim generally and told Mr. Jecks that I must be informed in the first place as to the ownership of the Society's shares between 1914 and 1923. As a consequence of this preliminary stipulation, Messrs. Johnson, Jecks and Colclough sent me a letter, a copy of which I enclose for your information.

I have sent a copy of the letter to Fountain at the Board of Trade and asked him whether he is able to let me have the correspondence to which Messrs. Johnson, Jecks and Colclough refer, and I will let you know the result of his search.

Yours, &c.,
G. STUART KING.

Enclosure in No. 24.

DEAR SIR, 24, Austin Friars, London, E.C.2., 9th March, 1928.

Tobacco Régie.

WE reported to our client, the Liquidator of the Régie des Tabacs de Turquie, the purport of the conversation Mr. Jecks had the pleasure of having with Mr. King on the 2nd inst., and in particular the preliminary point which was raised in regard to the nationality of the Société de la Régie.

The Liquidator informs us that the question of "nationality" was fully considered in 1922 when the authority of the British Board of Trade was sought for the release of certain securities held by the Imperial Ottoman Bank in London for account of the Régie, and he refers us to a letter of the 18th August, 1922, by which Lord Curzon informed the French Ambassador in London of the favourable decision which had been arrived at on that point by the British Authorities. This decision was, we understand, arrived at on assurance on the subject from the French Government who had already some years previously authorised the release of securities belonging to the Société and deposited in Paris. We think you will be able readily to obtain a confirmation of the above facts.

You will appreciate that the shares of the Société being in Bearer form it is difficult to now actually demonstrate the nationality of the individual shareholders at any given date, but if any support is desired of the facts above alluded to, we might point out that the French Government has maintained the Société in the exercise of its monopoly in all the Syrian territories placed under French Mandate and that moreover the taxes paid in connection with the quotation on the Paris Bourse indicate that at the outbreak of war the majority of the shares of the Société were held in France.

We shall be glad to hear that with these facts before you, you are satisfied on the preliminary point which you felt it necessary to raise.

We are, &c.,
JOHNSON, JECKS & COLCLOUGH.

The Treasury Solicitor,
Storey's Gate,
St. James' Park, S.W.1.

C. 59008/28 [No. 68.]

No. 25.

FRENCH EMBASSY to FOREIGN OFFICE.

(Received in Colonial Office, 19th March, 1928.)

(E. 1244/121/65.)

PAR une lettre en date du 13 février dernier, Son Excellence le Principal Sécretaire d'Etat de sa Majesté Britannique pour les Affaires Etrangères a bien voulu faire savoir à l'Ambassadeur de France que le Gouvernement Britannique se trouvait maintenant en mesure de discuter la réclamation de la Régie des Tabacs de Turquie avec les représentants de cette Société et, qu'à cet effet, les Solliciteurs représentant ici le liquidateur de la Régie auraient à se mettre en rapports avec le Solliciteur de la Trésorerie.

M. de Fleuriau a aussitôt fait part de ces informations à M. Briand, qui en a avisé les Administrateurs de la Régie des Tabacs de Turquie. Ceux-ci ont accepté la proposition du Gouvernement Britannique et ont adressé toutes instructions nécessaires à cet égard à leurs représentants à Londres, Messrs. Johnson, Jecks and Colclough, 24 Austin Friars, E.C.

M. de Fleuriau saisit, etc.

Ambassade de France à Londres,
Albert Gate House,
8 mars, 1928.

C. 59008/28 [No. 73].

No. 26.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 8.38 p.m., 29th March, 1928.)

TELEGRAM.

[*Answered by No.* 41.]

No. 188 of 29th March. Confidential. Your telegram No. 143.* 'Iraq Government desires Treasury Solicitor to undertake negotiations with the Régie Cointéressée des Tabacs Society's legal representative on their behalf with a view to settlement on condition that the terms of the suggested settlement so far as they would bind 'Iraq Government should be communicated to them for acceptance or rejection before finally concluding. Despatch follows embodying point of view which 'Iraq Government hopes will be specially borne in mind by the Treasury Solicitor in the course of negotiations.—DOBBS.

C. 59008/28 [No. 74].

No. 27.

MR. G. STUART KING (TREASURY SOLICITOR) to MR. J. H .HALL (COLONIAL OFFICE).

[*Answered by No.* 29.]

Storey's Gate, St. James's Park,
London, S.W.1, 30th March, 1928.

Tobacco Régie.

REFERRING to my letter to you dated the 16th instant,† I enclose a copy of a reply which I have received from Fountain and the enclosures to that letter. It is clear from this that the Board of Trade regarded the Society as a French Company in 1922, and in so regarding it must be held to have treated it as an Allied Company, in spite of its Turkish registration, for the period of the War.

This decision is, of course, not binding upon the Crown in the present dispute as the Treaty of Lausanne had not then been signed, but the only alternative I think will be to submit the matter to arbitration, which would involve arbitrating on the question of the material date for the purposes of Article 9 of the Concessions Protocol.

In considering whether to adopt this course certain considerations both of law and policy must be kept in view. The arbitrator would probably be someone of foreign nationality; and an international arbitration on this matter would soon become public property. The complication concerning the bearer shares might work against us even if the arbitrator agreed with the Law Officers' view upon the date. An adverse decision on the date point would seriously affect our liability in other claims such as the Baghdad Railway.

There is also the general question of policy whether it is in practice open to His Majesty's Government further to dispute the matter in view of what happened in 1922. This of course is not primarily a matter for me though the admission then made would of course seriously embarrass us in any attempt to maintain a contrary view at this late stage. I am inclined therefore to say that we cannot pursue this point further, but before taking any action I shall be glad to know your views.

I am sending a copy of this letter to Bewley.

Yours, &c.,
G. STUART KING.

Enclosure in No. 27.

Board of Trade,
Great George Street, S.W.1, 24th March, 1928.

DEAR STUART KING,

AS requested in your letter of the 12th March I am enclosing for your information a copy of the correspondence which took place between the Foreign Office and

* C. 59008/28 [No. 69]: not printed. † No. 24.

the Board of Trade in 1922 respecting the release of the property of the Imperial Ottoman Tobacco Régie in this country. The decision of the Board that the property should be released was taken on the ground that we had no reason to doubt the statement of the Régie that the French held 75 per cent. of the shares as we had always understood that the undertaking was French. This decision is obviouly an admission that in August, 1922, and presumably between 1914 and that date the Régie was French. This would cover the critical date of 30th October, 1918, advised by the Law Officers as the material date for the purposes of Article 9 of the Concessions Protocol. Of course, if the material date should prove to be later, *e.g.*, either the date of signature of the Protocol or the date of its coming into force, there might still be a question as to whether the Régie was French on those dates.

Yours, &c.,
H. FOUNTAIN.

G. Stuart King, Esq.

SIR,

Foreign Office, S.W.1, 1st August, 1922.

I AM directed by the Earl of Balfour to transmit to you, herewith, a copy of a memorandum from the French Ambassador, relative to the property in this country of the Imperial Ottoman Tobacco Régie.

2. While it has not been possible to trace any record of a communication to the Imperial Ottoman Bank of the nature indicated in the third paragraph of this memorandum, the examination of previous correspondence on the question has shown that a request for the release of the property of the Régie in this country was received from the French Ambassador in a note dated the 20th October, 1919, a copy of which is enclosed herein. This request was based on the assumption that as the property of the Régie in France had been released by the French Government after the armistice, in consequence of evidence that the property was considered as French owned, His Majesty's Government would be disposed to adopt a similar course in respect of the property held in this country.

3. The matter was referred at the time to the Treasury who communicated to this department on 26th January, 1920, a copy of correspondence exchanged with the Board of Trade on the subject, ending with the Board's letter of 14th January, 1920.

4. In view of the opinion expressed in this correspondence by the Board of Trade, the French Ambassador was informed in a note addressed to him on the 6th February, 1920, that on the production of evidence establishing that most of the shares were held, and the company controlled by French citizens, an application for the release of the property would receive consideration. A copy of this note is transmited herewith.

5. I am to enquire whether, in the opinion of the Board of Trade, the assurances given by Count de Saint-Aulaire in his memorandum of 1st March last are sufficient to justify the release of the property of the Régie in this country, and if so, the nature of the reply which should be returned to the French Ambassador.

6. A copy of this correspondence is being sent to the Treasury.

I am, &c.,
LANCELOT OLIPHANT.

The Secretary
to The Board of Trade.

La Régie des Tabacs Ottomans possède pour le compte de ses actionnaires un porte-feuille composé de valeurs déposées à la Banque Imperiale Ottomane à Londres et à Paris. En 1915 le Gouvernement francais et le Gouvernement britannique ont séquestré ces valeurs en les considérant comme appartenant à une Société de nationalité ennemie.

Le Gouvernement francais a reconnu que si la forme de la Société est ottomane, les actionnaires sont en grande majorité francais et que, en réalité, le contrôle de la Société appartient à un groupe francais. Comme conséquence il a, depuis plusieurs années, levé le séquestre mis sur les titres déposés à Paris.

Quant au Gouvernement britannique il aurait fait savoir à l'Agence de la Banque Imperiale Ottomane à Londres qu'il était prêt à agir de la même façon si le Gouvernement francais voulait l'informer qu'il considére la Société comme étant effectivement contrôlée par un groupement francais.

M. Poincaré vient de charger l'Ambassadeur de France à Londres de donner cette assurance au Gouvernement Royal et de demander à Son Excellence le Principal

Secrétaire d'Etat de Sa Majesté pour les Affaires Etrangères de bien vouloir intervenir auprès des autorités compétentes afin qu'il soit donné satisfaction à la Régie des Tabacs Ottomans.

Le Comte de Saint-Aulaire saisit cette occasion pour renouveler à Sa Seigneurie de Marquis Curzon de Kedleston les assurances de sa haute considération.

Ambassade de France
à Londres
Albert Gate House.
1 mars, 1922.

La Direction de la Régie des Tabacs à Constantinople ayant obtenu dès apprès la signature de l'armistice la levée du séquestre sur les biens qu'elle avait en France a fait établir par les Autorités Francaises un certificat établissant que les valeurs lui appartenant sont considérées comme de nationalité Francaise.

L'Ambassadeur de France a été chargé de faire parvenir à Son Excellence le Principal Secrétaire d'Etat pour les Affaires Etrangères copie de ce document en vue d'obtenir des Lords commissaires de la Trésorerie anglaise la levée du séquestre des valeurs appartenant à la Régie des Tabacs à Constantinople que se trouvent en ce moment entre les mains du Public Trustee.

Monsieur Paul Cambon saisit cette occasion pour renouveler à Sa Seigneurie le Comte Curzon de Kedleston les assurances de sa haute considération.

Ambassade de France à Londres,
Albert Gate House.
20 octobre 1919.

REPUBLIQUE FRANCAIS.

Ministère des Affairs Etrangères.

EXTRACT DES MINUTES DE GREFFE DU TRIBUNAL CIVIL DE PREMIERE INSTANCE DU DEPARTMENT DE LA SEINE SEANT AU PALAIS DE JUSTICE A PARIS.

L'AN mil neuf cent dix neuf de quatorze février, nous greffier soussigné sur la requête de Monsieur le Procureur de la République près ce tribunal déposé une ordonnance sur requête rendue le dix fevrier mil neuf cent dix neuf par Monsieur le Président du Tribunal en exécution des dispositions d'ordre public contenues au décret du vingt sept septembre mil neuf cent quatorze.

Ladite ordonnance qui sera enregistré avec le présent acte rapportant celle du dix neuf avril mil neuf cent dix huit nommant H.M. Sallandrouze de Lamornaix et Monsieur le Colonel Weyl, séquestre des biens de la Régie Ottomane des Tabacs.

Duquel dépôt nous avons rédigé le présent acte que nous avons signé.

Roberval.

Visé pour timbres et enregistré à Paris de fevrier mil neuf cent dix neuf folio case reçu six francs 63 centimes, décimes, compris, Clouard.

Le Procureur de la République à Monsieur le Président du Tribunal Civil de prémière instance de la Seine.

Nous Procureur de la République vu l'ordonnance du dix neuf avril mil neuf cent dix huit, laquelle par application des dispositions du décret du vingt sept septembre mil neuf cent quatorze a pour vu les biens de la Régie Ottomane des Tabacs d'administrateurs séquestres en la personne de Monsieur Sallandrouze de Lamornaix et de Monsieur le Colonel Weyl.

Vu la lettre en date du six janvier mil neuf cent dix neufs de ces deux administrateurs séquestres à Monsieur le Garde des Sceaux.

Vu également la dépêche de Monsieur le Procureur Général près la Cour d'Appeal de Paris en date du cinq fevrier mil neuf cent dix neuf, de laquelle il résulte que Monsieur le Ministre des Finances et Monsieur le Ministre des Affaires Etrangères à la demande desquels était intervenue la mesure précitée estimant qu'il y a lieu de faire donner main levée de ce séquestre.

Attendu qu'il y a intérêt à ce que le Conseil d'Administration recouvre l'exercice de ses fonctions, alors surtout que les deux administrateurs séquestres ont été invités par la Gouvernement Francais à reprendre à Constantinople leurs postes de Vice-Président du Conseil d'Administration et de Directeur Général de la Régie Ottomane.

Avons l'honneur de requérir vous plaise, déclarer rapporter l'ordonnance du

dix neuf avril mil neuf cent dix huit nommant Messieurs Sallandrouze de Lamornaix et le Colonel Weyl administrateurs séquestres de la Régie Ottomane des Tabacs.

Dire que les frais de séquestre et ceux de l'ordonnance à intervenir seront supportés par la Régie Ottomane des Tabacs.

Au parquet le huit fevrier mil neuf cent dix neuf.

Pour le Procureur de la République.

Sevestre.

Nous Président du Tribunal de la Seine Vu la requête cijointe et en adoptant les motifs.

Declarons rapporter l'ordonnance du dix neuf avril mil neuf cent dix huit nommant Messieurs Sallandrouze de Lamornaix et le Colonel Weyl administrateurs séquestres de la Régie Ottomane des Tabacs.

Disons que les frais de séquestres et ceux de main levée seront après la taxe qui en sera faite supportés par la Régie Ottomane des Tabacs

Disons que les frais de séquestres et ceux de main levée seront après la taxe qui en sera faite supportés par la Régie Ottomane des Tabacs.

Fait en notre Cabinet au Palais de Justice le dix fevrier mil neuf cent dix neuf

Le Président du Tribunal Servin.

Enregistré à Paris le dix sept février mil neuf cent dix neuf folio trente case douze. Reçu huit francs soixante trois centimes décimes compris, Clouard.

Pour expédition délivrée sur papier libre en vertu du décret du quatre octobre mil neuf cent quatorze.

Earl Curzon of Kedleston presents his compliments to the French Ambassador, and with reference to His Excellency's note of the 20th October, on the subject of the sequestration laid on the shares of the Régie Ottomans des Tabacs in England, has the honour to inform him that on the production of evidence establishing that most of the shares are held and the company is controlled by French citizens, an application for release of the property will receive consideration.

Foreign Office, S.W.1.
6th February, 1920.

SIR, Board of Trade, Gt. George Street, S.W.1, 14th August, 1922.

WITH reference to your letter of the 1st August transmitting a copy of a memorandum from the French Ambassador relative to the property in this country of the Imperial Ottoman Tobacce Régie, I am directed by the Board of Trade to state, for the information of the Earl of Balfour, that they are prepared to authorise the release of the property of the Régie in this country.

Under these circumstances I am to suggest that the Régie should in the first instance place themselves in communication with the Board of Trade.

I have, &c.,
E. C. BLISS.

The Under Secretary of State,
Foreign Office,
S.W.1.

YOUR EXCELLENCY, Foreign Office, 18th August, 1922.

WITH reference to Your Excellency's note of the 1st March last, requesting that His Majesty's Government would authorise the release of the property of the Turkish Tobacco Régie, which is under sequestrator in this country, I have the honour to inform you that having regard to the circumstances of the case, and in particular to the assurance contained in your note, His Majesty's Government are prepared to accede to this request. I beg leave, therefore, to suggest, that the Régie should accordingly place themselves in communication with the Board of Trade.

I have, &c.,
LANCELOT OLIPHANT.

His Excellency
Count de Saint-Aulaire,
&c., &c., &c.

C. 59008/28 [No. 75].

No. 28.

MR. S. D. WALEY (TREASURY) to MR. G. STUART KING (TREASURY SOLICITOR).

(Received in Colonial Office 3rd April, 1928.)

DEAR KING, Treasury Chambers, Whitehall, S.W.1, 3rd April, 1928.

IN reply to your letter of the 30th March to Bewley, who is on leave, about the Tobacco Régie, I have looked up the correspondence of 1922 and earlier correspondence of 1920, and it seems clear that the Company's property was released in virtue of an assurance from the French Ambassador that the majority of the shareholders were French and that the control of the Company belonged to a French group. The British Government did not ask for any proof of these statements nor for any detailed figures, and I think that it is quite legitimate on the present occasion when quite different issues are at stake for us to ask the Company to produce definite and detailed proofs if they can. I imagine that the Company will have no difficulty in producing some sort of evidence, and that the question of taking the matter to arbitration will not arise.

I am sending a copy of this letter to Hall.

Yours, &c.,
S. D. WALEY.

C. 59008/28 [No. 76].

No. 29.

MR. J. H. HALL (COLONIAL OFFICE) to MR. G. STUART KING (TREASURY SOLICITOR).

DEAR KING, Downing Street, 13th April, 1928.

PLEASE refer to your letter of the 30th of March* regarding the claim of the Tobacco Régie.

While we are inclined to agree that it will probably eventually prove advisable to let the point about allied shareholding drop, we take the view that it would be wiser to reserve the point for the present, and merely to inform the Society's solicitors that, although we shall probably require definite proof as to allied preponderance since, as explained by Waley in his letter to you of the 3rd of April† (with which we here entirely agree), we do not regard the 1922 correspondence as committing us in any degree, this matter might be reserved for a later discussion and in the meantime the other points arising out of the claim could be considered.

I enclose a copy of a telegram‡ from the High Commissioner for 'Iraq saying that the 'Iraq Government wish you to act on their behalf in the negotiations with the Society. You will see that the High Commissioner is sending us a despatch embodying the point of view which the 'Iraq Government hopes that you will bear in mind during the negotiations, and we should prefer that no further communication should be addressed to the Society's solicitors until this despatch has been received and considered.

I am sending a copy of this letter to Waley.

Yours, &c.,
J. H. HALL.

C. 59008/28 [No. 80].

No. 30.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 16th April, 1928.)

[*Answered by No.* 33.]

(Confidential.)

SIR, The Residency, Baghdad, 7th April, 1928.

I HAVE the honour to refer to my Confidential telegram No. 188 dated the 29th of March, 1928,‡ on the subject of the Ottoman Tobacco Régie's claim and to enclose copies of memoranda prepared and forwarded to the Council of Ministers by the Ministries of Finance and Justice. I regret that these were not forwarded to you by last week's air mail, but the note by the Minister of Justice was sent to this High Commission in Arabic only, and the necessary translation could not be completed in time.

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* No. 27. † No. 28. ‡ No. 26.

2. I do not consider that the observations of the Minister of Justice will prove of much assistance to the Treasury Solicitor in his attempts at a settlement, containing as they do the assumption that there is no admissible claim so far as the territory of 'Iraq is concerned. Further the arguments adduced against the claim are already so well known to His Majesty's Government that I need hardly add my comments upon them.

3. I would, however, call your attention to the paragraph in the Minister of Finance's letter in which it is assumed that His Majesty's Government will accept liability themselves for any sum which may become payable in respect of the period ended 31st March, 1921, and I should be glad to receive an indication of what the attitude of His Majesty's Government is likely to be on this point. In this connection I would refer you to the fifth paragraph of your Confidential despatch of 9th June, 1927,* in which the principle was laid down that if a claim in respect of the territory of 'Iraq had to be admitted, part at least if not the whole, would have to be met from the funds of the 'Iraq Government. This was duly communicated to the 'Iraq Government.

4. On this matter, I will only say, at this stage, that whatever may be the legal effect of the subrogation clause of the Concessions Protocol attached to the Treaty of Lausanne, it will prove a matter of extreme difficulty to convince the 'Iraq Government that His Majesty's Government should not, on equitable grounds, bear some proportion of any sum that may have to be awarded to the Society.

I have, &c.,
H. DOBBS,
High Commissioner for 'Iraq.

Enclosure 1 in No. 30.

'Iraq Government,
Ministry of Justice,
Dated 27/28th March, 1928.

To the Secretariat of the Council of Ministers,

Reference your letter dated 14th February, 1928, on the subject of the claim of the Régie Generale des Tabacs Ottomanes.

1. We enclose a summary of the views of this Ministry on this question.

2. It will be clear to you from the gist of this summary that there are several points requiring explanation of which the most important are:—

(*a*) Particulars relating to the nature and legal character of the Convention concluded in 1913.

(*b*) Particulars relating to the question whether the 'Iraq Government have received a written application from the Company claiming from the 'Iraq Government the amount claimed.

(*c*) Particulars relating to the data on which the Company base their assessment of lost profits.

In our opinion, the 'Iraq Government should get fully acquainted with the above-mentioned particulars before adopting any decision thereon.

3. We can see no objection to the acceptance of the proposal that the question should be entrusted to the Treasury Solicitor of His Britannic Majesty, subject to the following two conditions.

(1) That the 'Iraq Government's points of view set forth in the two memoranda of the Ministries of Justice and Finance shall be explained to him.

(2) That any settlement that may be reached by the Treasury Solicitor shall be subject to acceptance and approval by the 'Iraq Government.

Copy to The Ministry of Finance.

HIKMAT SULAIMAN,
Minister of Justice.

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* C. 49048/27 [No 35]: not printed.

Claim of the Regie Generale.

The Régie Generale claim from the 'Iraq Government a sum of £1,164,836, on the grounds that the Company have been prevented from the exploitation of their concession for a period of 10 years and 3 months, and that the said amount represents the average profits for the said period.

Grounds of the Claim.

The Administration of the Régie Generale base their claim on two grounds, viz :—

(*a*) The Convention concluded by them with Executive Government of the Ottoman State on 14th August, 1913. (This Convention is not before us).

(*b*) Article 9 of the Protocol on Concessions annexed to the Treaty of Lausanne. (The text of the relevant article of this protocol is given below).

(In territories detached from Turkey under the Treaty of Peace signed this day, the State which acquires the territory is fully subrogated as regards the rights and obligations of Turkey towards the nationals of the other Contracting Powers, and companies in which the capital of the nationals of the said Powers is preponderant, who are beneficiaries under concessionary contracts entered into before the 29th October, 1914, with the Ottoman Government or any local Ottoman authority).

Historical Summary.

This summary should be divided into two parts: one respecting Turkey and one respecting 'Iraq :—

1. The term of the original Régie Convention expired in 1913. Public opinion was against it at the time; but being desirous of obtaining a loan from France, and as the greater part of the benefits of the Régie went to the French, the Turkish Executive Government of the Ottoman State, in order to secure the success of the loan, agreed to sign an agreement providing for a new term (of life) for the Administration of the Régie, namely 15 years as from 4th August, 1913. This agreement, however, never received the approval of the Ottoman Parliament. About the year 1922 the Turkish Government appointed a Director on their own behalf for the said Administration, an action which indicates that the said Government did not recognise (the validity of) the said Agreement. In 1923 the Turkish Government and the Administration of the Régie arrived at an understanding, following which an agreement was concluded between the two parties, clause 8 of which provides that the Government shall have the right to terminate the Agreement subject to 3 months' notice being given to the Administration. Shortly after that the Government terminated the agreement.

2. The Company's operations came to an end in 1915 in the Vilayet of Basrah, in 1917 in Baghdad, and in the remaining parts of 'Iraq in 1918. (Official documents relating to the termination of operations cannot be traced, except in the case of Basrah where an order in this respect reads: "The operations of the Administration of the Régie have come to an end owing to the state of war").

Points to be cleared up before proceeding to discuss the fundamental question.

There are several points to be cleared up before entering into a discussion of the fundamental question. These can be summarised as follows :—

1. On what grounds the Administration's claim is based? Is it on grounds of damage sustained or on grounds of loss of accrued profits?

It appears from the correspondence on hand that the Company's claim is one of profits they would have made had their operations not been terminated.

It must be noted that the work formerly undertaken in this country by the Administration consisted of the collection of a certain share of tobacco (? dues) and it had nothing to do in the past with tobacco cultivation. Such being the case, the Administration are left no grounds to claim lost profits.

2. What is the scale on which the Company base their assessment of the amount claimed in respect of 10 years? In so far as concerns 'Iraq, the foregoing two points call for careful enquiry by the Government, and the Administration should themselves state the grounds underlying these two points when asked for by the 'Iraq Government.

3. In his statement of opinion, Count Ostrorog states that the understanding arrived at in 1923 between the Turkish Government and the Administration of the Régie was reached without the participation of the Administration of the Ottoman Public Debt; whereas the said Administration, having regard to the claim they have on the revenues of Régie, acquire the character of a third party to the Régie Agreement.

It was on this ground that the said Administration have protested to the Turkish Republic. In addition, the Count considers that the Agreement of 1923 cannot be legally cancelled without obtaining the consent of the Administration of the Public Debt on account of the latter's rights in connection with the Agreement in their character as third party. To this statement, Count Ostrorog adds a remark advising the exercise of patience in the matter pending settlement of the difference between the Turkish Government and the Administration of the Public Debt on this point (as far as I can remember, Count Ostrorog was a member of the Council of Administration of the Public Debt some 30 or 25 years ago and Legal Adviser to the Ottoman Government during the last few years of its life). If Count Ostrorog's advice is to be taken, patience should be exercised in the settlement of the question.

Discussing the Case.

The case should be discussed from two aspects :—

(*a*) The basis of the Agreement, that is to say, has the Agreement a legal character (or the force of law) or has it not?

(*b*) Developments which have arisen affecting the Agreement as regards Turkey, on one hand, and the 'Iraq on the other hand.

The Basis of the Agreement Discussed.

1. Count Ostrorog has discussed this aspect of the case, and the following is a summary of his discussion :—

"The Turkish Constitutional Law provides definitely that any agreements concluded by the Executive Government shall be deemed inoperative unless approved by Parliament. Agreements concluded when Parliament is not sitting should be submitted to it at the first session following such conclusion. Before submission to Parliament such agreements are considered under the Ottoman Civil Law, *i.e.*, the Majallah, which in this respect agrees with the Roman Law, as a Mevquf contract (*i.e.*, contract formed under suspensive conditions). But in practice such was not the case: agreements so concluded and laws so made were considered to be 'complete' (sic) unless cancelled by Parliament upon submission to it. And so laws relating to 'Immovable Property' remain operative till now.

"What adds stability (or force) to the Régie Agreement is the fact that the Grand National Assembly of the Turkish Government at Angora states in Article 22 of the Finance Law issued by the Assembly on 9th February, 1921, that in the districts the Administration of the Régie shall remain under the authority of the Grand National Assembly as in the past, no change having taken place in administration and organisation."

The above is the opinion of Count Ostrorog and, as is apparent, it contains two points :—

1. The point relating to the basis of the Agreement at the time of its conclusion.

For a proper understanding of this point reference should be made to Article 36 of the Ottoman Constitutional Law which reads as follows :—

"In case the General Assembly is not sitting and in case the said Assembly has no sufficient time available to discuss laws necessary for the rescue of the State from danger and for the safeguarding of public security, in these two cases such decisions as are adopted by the Council of Commisaries and have received assent by Iradah Saniyah, provided they do not contravene the Constitutional Law, shall have the force of law until the Assembly adopts a decision in respect thereof when it assembles, and they shall be submitted to the Assembly at the beginning of its session."

The foregoing text calls for a consideration of the subject from two points of view, viz. :—

Firstly: Whether the nature of the agreement was such as constitutes a reason justifying its urgent conclusion?

Secondly: Whether the Agreement was submitted to the Assembly at its session which followed on the conclusion of the Agreement.

The answer to both these questions is in the negative. Whereas scholarly opinion (ijtihad) is inadmissible in the face of specific legal provision (a fundamental principle of Islamic Law—Translator), especially when such specific provision is made in a Constitutional Law, it is impossible to consider as legal the action of the Executive Government of the Ottoman State, whether in the matter of the urgent conclusion (of the Agreement) or in the failure to submit the Agreement to the Assembly at its session which followed such conclusion. Hence it appears that the opinion of Count

Ostrorog does not hold true in respect of the really basic matter of whether the Agreement is to be held as having the character (or force) of law.

2. The second conspicuous point in Count Ostrorog's opinion referred to above is his inference from the text of Article 8 of the above-mentioned Turkish Finance Law that the Grand National Assembly has confirmed the effectiveness of the Agreement. This would require other proof besides the text in question. For it is more readily understood from this article, having regard to the Turkish style of composition, that the Turkish Government had retained in their territory a sort of administration, or rather a sort of system of collection of taxes and of government arrangements, called "The Régie." This is on one hand. On the other hand, the special mention of the bringing of such administration under the authority of the Grand National Assembly, when as a matter of course all that is within a country is subject to the authority of the National Assembly of such country, indicates a basic change in the authority (or powers) of the said administration. From this it would appear that the action of the Grand National Assembly was one of actually giving an end to the Régie Administration, and the opinion of Count Ostrorog is open to objection.

In short, objection to the basis of the Agreement affords in our opinion, a strong argument which should be insisted upon.

B.—*The Agreement discussed from the point of view of developments affecting it.*

Firstly : *As regards Turkey* :

This point should be discussed from two aspects :—

1. The action of the Turkish Government in bringing the Régie Administration under their own authority and appointing a Director for it on their behalf in 1922—an action which indicates that the Turkish Government at Angora did not recognize the validity (or effectiveness) of the Agreement as from that date.

2. The definite termination of the Agreement about the year 1923 by the Turkish Government in agreement with the Administration of the Régie.

Both these actions (1 and 2 above) indicate that the Régie Agreement, in so far as regards the contracting state, terminated in 1922 or, more probably, in 1923.

Secondly : *As regards 'Iraq* :

For a proper understanding of the facts of the case in this connection, the various stages through which 'Iraq has passed since the year 1923 should be set forth separately. These stages are three in number, as follows :

First Stage :

This represents the time when 'Iraq was under the authority of the Turkish Government which came to an end in 1915 in Basrah, in 1917 in Baghdad, and in 1918 in the remaining parts of 'Iraq.

Second Stage :

This is the period of occupation which began on various dates, for instance in Basrah it began in 1915 and in Mosul in 1918. It continued until the establishment of the 'Iraq Government.

Third Stage :

This stage represents the time of the 'Iraq Government since its establishment.

As regards the first stage, it is not a subject of the claim made by the Régie Administration. Therefore there is no need of discussing the case in so far as regards this stage.

As regards the second stage, it is not known what was going on in the Régie Administration. Assuming that something did actually happen, the 'Iraq Government had no choice, and no choice no responsibility.

As regards the third stage, it should be noted whether the Régie Administration had applied to the 'Iraq Government for the opening of premises for the carrying out of the work of their administration, and whether they had sent any warning in that behalf. It is well-known fact that claim of lost profits is dependent on such application and warning.

Summing Up.

There are available in the case points of defence against the claim. A summary is given hereinbelow of such of these points of defence as now come readily to the

mind and are very valuable to stick to, and if one fails the other should be taken up in the order given :—

1. The Agreement of 1913 was not legally valid, in view of its urgent conclusion and the failure to submit it to the Ottoman General Assembly. Likewise it did not ultimately receive the force of the law, nor has it been confirmed by the decision of the Grand National Assembly, and, assuming that it has been so confirmed, such confirmation is ineffective in so far as regards 'Iraq.

It should be noted that the Treaty of Lausanne has recognised the detachment of 'Iraq from Turkey, and that the 'Iraq National Government was established in 1920. All this has taken place under the auspices and with the approval of the League of Nations before the issue of the above-mentioned law by the Grand National Assembly, *i.e.*, before the date the said Assembly came to have real authority over 'Iraq.

2. The Régie Administration claim profits whereas, as far as is known, their Agreement was not one of exploitation (of capital), (Istirbah) especially so in view of the fact that their operations in 'Iraq were restricted to the taking of a certain share of tobacco. So the question is restricted to the claiming of the amounts of shares collected by various Governments at various stages. This demands the making of enquiries by the Government with a view to ascertaining the actual amounts collected during the two stages : (*a*) up to the establishment of the National Government and (*b*) thereafter in order that it may be possible to know whether the amount claimed by the Company is in excess of the amount actually collected or otherwise.

3. The prevention of the Administration from the pursuit of their operations before the establishment of the 'Iraq Government did not arise from the choice of the 'Iraq Government. Therefore the said Government were not responsible for that, assuming though that it is correct to attach responsibility to them for the subsequent period up to the year 1920.

4. If the theory that the authority of the Turkish authorities extended to 'Iraq is true, to any extent whatever, the Grand National Assembly of Turkey has, in agreement with Administration of the Régie, terminated the Régie Agreement in 1923. Accordingly, the said Administration is not entitled to claim anything from 'Iraq even also for the period after that date.

5. There is no evidence to prove that following its establishment the 'Iraq Government prevented the Régie Administration from the pursuit of their operations. As the said Administration have no right to claim lost profits without proving prevention on the part of the 'Iraq Government after warning by the Administration, and as no such warning has been given the Administration has no right to claim from the 'Iraq Government compensation for loss for the period from the establishment of the said Government to the aforesaid date of 1923.

Enclosure 2 in No. 30.

Ministry of Finance,
Baghdad, 8th March, 1928.

To the Secretary to the Council of Ministers, Baghdad.

Memorandum.

YOUR letter of 1st March, 1928, enclosing copy of letter of 28th February from the Counsellor to H.E. the High Commissioner on the subject of the claim made against the 'Iraq Government by the Régie Générale des Tabacs.

In the opinion of this Ministry it is desirable that the 'Iraq Government should inform the High Commissioner that they would be grateful if His Britannic Majesty's Treasury Solicitor would undertake negotiations with the Régie on behalf of the Government of 'Iraq as well as on behalf of the Government of Palestine and of Trans-Jordan. It is however thought that in making this communication stress should be laid on the undermentioned points :—

(1) The Treasury Solicitor should be asked not to overlook the possibility of the Régie accepting, in lieu of money compensation, some arrangement under which they might be granted a concession for the cultivation, manufacture and distribution of 'Iraq tobacco.

(2) The 'Iraq Government assume that His Britannic Majesty's Government will accept liability for any sum which may become payable to the Régie in respect of the period ended 31st March, 1921, in accordance with the arrangement under which the administrative deficit of 'Iraq up to that date was met by His Britannic Majesty's Government.

(3) It is assumed that the Treasury Solicitor in examining any statistics which may be produced by the Régie as to their receipts in 'Iraq will bear in mind that their operations in that country were limited to the collection of dues and did not include the monopoly of manufacture and sale which they enjoyed in other parts of the Ottoman Empire.

(4) It is agreed that it should not be taken for granted that the years 1909 to 1913 constitute the proper period for determining the average of the Society's profits. With the information here available it is not certain that the Convention of 1913 necessarily reduced such profits as the Society may have obtained from their operations in the Vilayets of Mosul, Baghdad and Basrah. It is suggested that it should be left to the Treasury Solicitor to demand from the Society statistics relating to a period later than 1913, and to examine those statistics when produced with a view to determining whether a lower average ought to be laid down than that resulting from the average of the previous years.

It should be stated that the 'Iraq Government must reserve liberty of action as to whether they will agree to any settlement which the Treasury Solicitor may succeed in negotiating, or whether in the alternative they will leave the Society to take such steps to pursue their claim as may be open to them under the Treaty of Lausanne.

Minister of Finance.

Copy to Ministry of Justice.

C. 59008/28 [No. 82].

No. 31.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 32.]

SIR, Downing Street, 24th April, 1928.

I AM directed by Mr. Secretary Amery to refer to the correspondence ending with the letter from this Department of the 16th of March,* in regard to the claim of the Society of the Ottoman Tobacco Régie and to transmit to you, to be laid before the Lords Commissioners of His Majesty's Treasury, the accompanying copy of a despatch† from the High Commissioner for 'Iraq, together with copies of the enclosures thereto, reporting the attitude of the 'Iraq Government towards this claim.

2. I am to invite attention to paragraphs 3 and 4 of Sir Henry Dobbs' despatch and to the fourth paragraph of the memorandum by the Minister of Finance in regard to the incidence of the liability of any sum which may become payable to the Society in respect of the period ending on the 31st of March, 1921. It will be observed that the Minister of Finance assumes that His Majesty's Government will accept liability for any sum which may become payable in respect of that period.

3. This matter was discussed at the Inter-departmental Conference held at the Colonial Office on the 9th of February, 1928, a copy of the minutes‡ of which was forwarded to you under cover of Colonial Office letter of the 20th of February.§ The Conference then recommended that the question should remain in abeyance until raised by the 'Iraq Government. As the 'Iraq Government have now raised the matter, it appears to Mr. Amery to be desirable that it should be settled in any case before the final stages in the negotiations between the Treasury Solicitor and the Solicitors of the Society are reached. Moreover if the statement made by the Minister of Finance is now allowed to pass in silence, the 'Iraq Government will not unnaturally assume that His Majesty's Government are prepared to accept this liability. It is possible that the Treasury Solicitor may be able to arrange for the Society to withdraw their claim in respect of 'Iraq in return for the grant of a concession as suggested in the memorandum by the Minister of Finance. In that case, Mr. Amery presumes that no liability in respect of 'Iraq would fall upon His Majesty's Government, but he considers that it would be difficult for His Majesty's Government to decline to accept, in principle at least, liability for such compensation as may be granted in respect of the period prior to the 1st of April, 1921.

I am, &c.,
J. E. SHUCKBURGH.

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* C. 59008/28 [No. 64]: not printed. † No. 30. ‡ No. 15. § No. 20.

C 59008/28 [No. 86].

No. 32.

TREASURY to COLONIAL OFFICE.

SIR, Treasury Chambers, 30th August, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir J. Shuckburgh's letter of the 24th April, 1928,* on the subject of the claim of the Ottoman Tobacco Régie in respect of a concession in 'Iraq, and in reply I am to request you to inform Mr. Secretary Amery that Their Lordships agree that, in the event of the Treasury Solicitor being able to arrange for the Society to withdraw their claim in respect of 'Iraq in return for the grant of a concession as suggested in the memorandum by the Minister of Finance, no liability in respect of 'Iraq would fall on His Majesty's Government.

The question whether His Majesty's Government would be liable for a share of any monetary compensation to the Society, and if so on what basis, is a hypothetical one, which My Lords see no advantage in attempting to settle at this stage. They agree that the assumption of the Ministry of Finance of the 'Iraq Government should not be allowed to pass unchallenged; but They do not feel able to enunciate any principle beyond that already communicated to the High Commissioner in paragraph 5 of Mr. Amery's despatch of the 9th June, 1927.†

I am, &c.,
R. R. SCOTT.

C. 59008/28 [No. 89.]

No. 33.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential A.)

SIR, Downing Street, 3rd October, 1928.

I HAVE the honour to refer to your Confidential despatch of the 7th of April,‡ regarding the claim made by the Society of the Ottoman Tobacco Régie.

2. I understand that the negotiations between the Treasury Solicitor and the Society's Solicitors are still proceeding, and, at this stage, His Majesty's Government see no advantage in attempting to discuss at length the question of the liability for any sum which may eventually be paid to the Society as compensation. At the same time, His Majesty's Government cannot allow the statement in the letter of the Minister of Finance to which you called attention in paragraph 3 of your despatch to pass unchallenged. They are of opinion that, so far as the claim relates to 'Iraq, no liability can rest on British funds in respect of the period subsequent to the 31st of March, 1921, and, as at present advised, they do not regard themselves as liable in respect of the earlier period.

3. I shall be obliged if you will inform the 'Iraq Government accordingly.

I have, &c.,
L. S. AMERY.

C. 69087/29 [No. 1].

No. 34.

MR. T. K. BEWLEY (TREASURY) to MR. J. H. HALL (COLONIAL OFFICE).

Treasury Chambers,

DEAR HALL, Whitehall, S.W.1, 22nd February, 1929.

I ENCLOSE a copy of a letter with enclosure which I have received from King about the Tobacco Régie claim.

As regards the figures it seems to me that—

(1) *'Iraq.*

It is quite absurd to claim to apply a hypothetical annual 10 per cent. increase to a tax-collecting concession. The actual taxes collected since the termination of

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* No. 31. † C. 49048/27 [No. 35]: not printed. ‡ No. 30.

the concession (if these particular taxes continued to be levied) are presumably known and should form the basis of the claim. Perhaps you could obtain the necessary information as to this from the 'Iraq Government?

(2) *Palestine and Trans-Jordania.*

(*a*) The claim to an annual increase of 10 per cent. is based on the figures given in the note on the Régie's claim of 9th December, 1924 (enclosed with your letter to Waley of 28th June, 1926).* The total profits in 1913 were 50 per cent. higher than in 1909, and dividing this by 5 you get 10 per cent. a year. But—

(i) if 'Iraq is excluded, as should be done, the increase is reduced even on this basis to about 7½ per cent. a year on the other two countries taken together.

(ii) 1909 was a bad year, and 1913 a good one, and there is no particular virtue about this method of calculation except that it is favourable to the Régie. If the period 1910 to 1913 be taken the increase is reduced to under 3 per cent. a year.

(iii) In any case Palestine and Trans-Jordania presumably, like everywhere else, suffered by the war and its results, and it is, prima facie, not unreasonable to expect that post-war profits would have been *smaller* than pre-war. I don't know if you can provide any figure in support of such a contention? If not it seems to me that the most the Régie are entitled to ask is to have the profits calculated on the five-year average for Palestine and Trans-Jordania without any annual increase.

The matter is, however, really more for you than for us, and if you prefer to reply direct to King on these points, and on the matter generally, and to send us a copy, by all means do so.

Yours, &c.,
T. K. BEWLEY.

Enclosure in No. 34.

The Treasury Solicitor, Storey's Gate,
DEAR BEWLEY, St. James's Park, London, S.W.1, 14th February, 1929.

Tobacco Régie.

I SEND you, as arranged, a letter I have received from the Solicitors and I shall be glad to have your observations. You will no doubt have in your file a copy of the claim originally submitted by the Company to the Foreign Office. I am at present endeavouring to see whether we can reach any satisfactory agreement with the Solicitors as regards figures, reserving for the moment the question of legal liability.

The area in which the Régie worked includes 'Iraq, Palestine, Trans-Jordania, and it is necessary to consider these areas separately.

In 'Iraq the only rights given by the concession were rights to collect certain taxes and I gather that this right was withdrawn from the Company in 1919. The claim is drawn on the assumption that the profits from the collection of these taxes earned by the Society in pre-war years is to be taken as the basis, but so far as I can see there is nothing in the concession which necessarily involves the continuation of taxes on the pre-war basis. The Concession Protocol of the Treaty expressly recognises the necessity of adaptation to meet new economic conditions. I think, therefore, it will be useful to obtain information as to whether the taxes, the right to collect which was given to the Company, have been continued and, if so, on what basis. It may of course be that they have been increased and, if this is so, the point is not one which would be of any use to us.

The position in Palestine and Trans-Jordania is different because there the concession was more in the nature of a commercial concession for buying and selling tobacco.

In conversation with the Company's Solicitors I have taken the line that the Company must give credit for any profits made in Palestine arising out of the Company's operations in regard to tobacco after the period when the concession was technically cancelled. I have now received from the Company's Solicitors a document, of which a copy is enclosed, setting out the results of the exploitation of the Jerusalem Agency between 1921 and 1927. My knowledge of French accountancy is nil, but

* C. 12239/26: not printed.

so far as I can see that statement shows that in fact they made some £25,537 Egyptian profit for which in any event they ought to give credit.

The claim as originally presented is calculated on the basis that the concession ran its full length and that there was an annual increase of 10 per cent. in the profits, but so far as I can see the figures supplied for the pre-war years do not support any such basis and I should like to have your criticism upon this point.

As at present advised, I think that we can reasonably contest that inasmuch as the liquidation of the Society followed on their agreement with the Turkish Government in 1923, they are not entitled to claim for anything in respect of the period subsequent to that date. The Solicitors, of course, contest this view, and say that liquidation was forced on them by the suppression of their monopoly by the British Government and other Governments concerned, but it would be useful at any rate to know how the figures would look on the assumption that my suggestion is correct

Before any settlement is reached it will probably be necessary to have the Company's accounts examined, but subject to any information which you may have readily available I think that at the present stage it would probably be sufficient to accept as substantially accurate the figures which have been given us.

I have indicated one or two points on which the claim as presented seems to be open to criticism, but I need hardly say that I shall be very glad if you will let me know whether you think there are any other criticisms of the figures which could be advanced. My main object is to arrive at a figure which for the purposes of discussion we should be prepared to accept as a reasonable basis for compensation, assuming that it ultimately turns out to be payable.

Yours, &c.,
G. STUART KING.

T. K. Bewley, Esq.,
Treasury,
S.W.1.

DEAR SIR, 24, Austin Friars, London, E.C.2, 31st December, 1928

Tobacco Régie

REFERRING to the interview that Mr. Jecks had with Mr. King on the 15th June last you then requested us to obtain for you information on various points.

You asked in particular the source of the figures appearing in the Table attached to the Société's note of the 2nd February, 1926, showing the contributions to the Société's profits derived from Mesopotamia, Palestine and East of Jordan during the five pre-war years. On this point our clients write us as follows:—

> " Les chiffres reproduits dans le tableau annexe a notre Note du Fevrier, 1926, sont pris de la Comptabilité officielle de la Régie. Ceux des colonnes centrales (*d*) (*e*) (*f*) sont ceux qu'on retrouve dans les Rapports annuels de la Société établis apres verification des comptes par nos co-associés la Dette Publique et le Gouvernement turc. Quant a ceux des colonnes de gauches (*a*) (*b*) (*c*) ils sont pris à la Comptabilité de nos agences provinciales dans les circonscriptions correspondent aux limites actuelles de la Mesopotamia, de la Palestine, et du territoire de l'Est Jourdain."

You then asked for information as to an alteration in the proportion of profits effected on the renewal of the concession. In regard to this our clients inform us that the renewal involved both advantages and disadvantages and that the net effect on profits was small. They, however, send us a copy of the old tableau of which we enclose a copy showing in red ink the small differences actually resulting from the renewal.

You then raised the question as to whether credit should be given by the Société in their claim for compensation for any actual profits made by the Société, notwithstanding the suppression of the monopoly, and for customs duties. Our clients, while not admitting that any such credit should be given, sent us the enclosed " Tableau Recapitulatif " on this point which is, we think, self-explanatory.

You also desired to be informed whether there was a possibility of any desire on our client's part to make any arrangement for a continuation of business in 'Iraq but we are told that such continuation is not possible.

We think that with this information before you you should now be in a position to make some prompt and definite proposal for dealing with our client's claim. We

hold ourselves at your disposal if you desire a further interview with ourselves and our clients are prepared to come to London to personally discuss matters whenever their presence here can facilitate a settlement of this long outstanding claim.

We are, &c.,
JOHNSON, JECKS & COLCLOUGH.

The Treasury Solicitor,
Storey's Gate,
St. James's Park,
S.W.1.

TABLEAU RECAPITULATIF

DES RESULTATS D'EXPLOITATION DE L'AGENCE DE JERUSALEM DU 1ER MARS, 1921, AU 31 DECEMBRE, 1927.

	Pertes (en piastres égyptiennes).	*Bénéfices* (en piastres égyptiennes).
1921-22	—	3,683,431.20
1922-23	320,254.16	—
1923-24	—	27,984.28
1924-25	168,705.13	—
1925-26	247,150.41	—
1926 (10 mois) ...	227,549.88	—
1927 (12 mois) ...	194,043.72	—
	1,157,703.30	
Solde bénéficiaire ...	2,553,712.18	
	3,711,415.48	3,711,415.48

En résumé, le Bénéfice net d'exploitation pour les sept années consécutives à la suppression du Monopole en Palestine s'élève à :

Livres Egyptiennes 25,537.

Ce résultat s'entend sans le paiement aux Douanes palestiniennes des droits réclamés par elle sur les stocks de tabacs possédés par l'Agence de Jérusalem au 1er Avril, 1921. La réclamation des douanes s'élève a £E.54,000. Si elle était admise, cette somme viendrait s'inscrire au débit de l'exploitation, et le bénéfice de £E.25,537. qui résulte des tableaux ci-joints, se transformerait en une perte de £E.28,463.

C. 69087/29 [No. 2].

No. 35.

'IRAQ.

THE SECRETARY OF STATE to THE ACTING HIGH COMMISSIONER.

[*Answered by No.* 39.]

(Confidential.)

SIR, Downing Street, 25th March, 1929.

I HAVE the honour to refer to my despatch Confidential "A" of the 3rd October, 1928,* regarding the claim made by the Société of the Ottoman Tobacco Régie.

2. The Treasury Solicitor who is still in negotiation with the Société's Solicitors has inquired whether the taxes, the right to collect which was given to the Société, have been continued in 'Iraq, and if so, upon what basis, for if the particular taxes continue to be levied, the actual amount collected since the termination of the Concession might form a basis for the assessment of any damages which may ultimately be agreed upon.

3. I shall be obliged if you will inform me as early as possible what reply should be returned to this inquiry.

I have, &c.,
L. S. AMERY.

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* No. 33.

C. 69087/29 [No. 3].

No. 36.

PALESTINE.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by No.* 38.]

(Confidential.)

SIR, Downing Street, 25th March, 1929.

WITH reference to my Confidential despatch of the 31st of March, 1928,* regarding the claim made by the Société of the Ottoman Tobacco Régie, I have the honour to inform you that the negotiations between the Treasury Solicitor and the Société's Solicitors are still proceeding.

2. In connection with the examination of the figures upon which the Society have based their calculation of the amount of the claim, it has been suggested that it would not be unreasonable to contend that the post-war profits of the Société would have been smaller than their pre-war profits. I presume, however, from paragraph 4 of Lord Plumer's despatch Confidential "C" of the 2nd of March, 1928,† that it would not be possible to produce any figures which might support the contention.

I have, &c.,
L. S. AMERY.

C. 69087/29 [No. 4].

No. 37.

MR. S. ROBINSON (COLONIAL OFFICE) to
MR. G. STUART KING (TREASURY SOLICITOR).

[*Answered by No.* 40.]

DEAR STUART KING, Downing Street, 25th March, 1929.

AS you know Bewley passed on to Hall your letter to him of the 14th of February‡ about the Tobacco Régie, and Hall has now been relieved of this case: I enclose a copy of Bewley's letter.§

Apart from the points which he has made, we suggest that in regard to the figures the following points might be examined :—

(*a*) The figures given on page 190 of Young's *Corps de Droit Ottoman*, Volume V, show considerable fluctuations in the profits of the Société, and the figures for the years 1909-13 themselves do not show a regular progression.

(*b*) If it had to be admitted that the profits increased annually, the Société would probably not be entitled to the same proportion of the total profits since Article 6 of the 1913 Convention provided that the divisible profits should be divided on a scale varying against the Société as they increased.

(*c*) The mere figures of the profits obtained by the Société in 1909-13 could, if it suited us, be shown to be an incorrect basis for the calculation of profits since the war, since the 1913 Convention varied the earlier financial arrangements in several ways. It increased the royalty to be paid to the Council from £T.750,000 to £T.800,000, thus reducing the amount of the divisible profits; and it fixed the rate of interest on paid-up capital at 6 per cent. instead of 8 per cent., again reducing the profits to the shareholders. It also varied the division of the divisible profits between the Government, the Council, and the Société. 'Iraq has suggested that these revised financial arrangements might not have reduced the Société's profits, and it might be desirable to see the accounts of the Société, and to endeavour to ascertain the effect of the 1913 Convention upon the 1909-13 figures before attempting to argue on these lines.

(*d*) The 1913 Convention abolished also the founders' shares in respect of which £T.17,084 was paid in 1913, but so far as I can make out from a comparison between the Société's figures and those given in the Treasury Minute of 28th November, 1918, it seems that the Société have probably deleted this item (Treasury Minute in question is No. 10 of a Volume of

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* C. 59008/28 [No. 71] : not printed. † No. 23. ‡ Enclosure in No. 34. § No. 34.

Minutes entitled "The Ottoman Empire and Financial Conditions of Peace," of which we have one copy only, but, no doubt, Bewley can let you have a copy).

(*e*) The date on which the monopoly was terminated in Trans-Jordan was the 19th of June, 1921, and the Société's statement that the monopoly was, in fact, suppressed from earlier dates is not admitted.

(*f*) As you know (see Hall's letter of the 15th of March, 1928*), Palestine and Trans-Jordan claim the proportion of the share of the profits which would have been due to the Ottoman Government for the period 30th of October, 1918, to the termination of the Concession, and the claim of these Governments to a proportion of the payment due by the Société to the Debt Council has to be considered as well as Palestine's claim to a credit for the profits made by the Société as tobacco dealers in Palestine since the termination of the monopoly.

(*g*) In paragraph 6 of the despatch† which accompanied Hall's letter of the 15th of March, 1928, the High Commissioner also made the point that Régie tobacco from Syria had found a ready market in Trans-Jordan.

(*h*) We understand that in March, 1925, the Turkish Government paid the whole of the Société's capital, and the Société's claim in so far as it covers the interest on that capital could not presumably be maintained at any rate after March, 1925.

(*i*) Finally, the territorial basis of the division between the three Territories and the rest of the old Ottoman Empire would have to be examined. It is at least incorrect in that the claim of Trans-Jordan includes Ma'an, which was only taken over in 1925. This is a matter which could only be dealt with locally, and for which full details of the exact basis of the Société's calculations would be required.

I enclose a copy of the despatch‡ which has been addressed to the Acting High Commissioner for 'Iraq asking whether the taxes, the right to collect which was given to the Société, has been continued. I enclose also a copy of the despatch§ which has been addressed to the High Commissioner for Palestine, asking whether it is possible to produce figures to support a contention that the post-war profits would have been smaller than the pre-war. The presence of British troops and the influx of immigrants is probably against this.

As you say in your letter to Bewley, it is necessary to consider separately 'Iraq, Palestine, and Trans-Jordan, and any attempt by the Société to treat the Territories jointly so far as figures are concerned must be resisted. 'Iraq would not pay a penny more because of some general average made with Palestine and Trans-Jordan, and clearly neither Palestine nor Trans-Jordan could be asked to pay a penny more for such a reason.

Yours, &c.,
S. ROBINSON.

C. 69087/29 [No. 5].

No. 38.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 29th April, 1929.)

(Confidential A.)

SIR, Government Offices, Jerusalem, 16th April, 1929.

I HAVE the honour to refer to your Confidential despatch of the 25th March, 1929,§ regarding the claim made by the Société of the Ottoman Tobacco Régie and to inform you that I am not in a position to produce any figures which might support the contention that the post-war profits of the Société would have been smaller than their pre-war profits.

I have, &c.,
J. R. CHANCELLOR,
High Commissioner for Palestine

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* C. 59008/28 [No. 63]: not printed. † No. 23. ‡ No. 35. § No. 36.

C. 69087/29 [No. 9].

No. 39.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 8th July, 1929.)

(Confidential.)

SIR, The Residency, Baghdad, 22nd June, 1929.

I HAVE the honour to refer to Mr. Amery's Confidential despatch dated the 25th of March, 1929,* regarding the claim made by the Société of the Ottoman Tobacco Régie.

2. I have been in communication with the Ministry of Finance upon the point raised by the Treasury Solicitor, but the only information which I have been able to obtain which bears upon it is a statement of the quantities of tobacco (tetun) subjected to excise in 'Iraq from the 1st April, 1921, up to the end of the last financial year. There are no statistics available for the period 1917-1920. The figures in kilogrammes are as follows:—

1921	...	...	...	...	...	20,76,993
1922	...	...	...	...	...	22,45,252
1923	...	...	...	...	...	30,14,495
1924	...	...	...	...	...	26,17,626
1925	...	...	...	...	...	20,03,776
1926	...	...	...	...	...	25,35,920
1927	...	...	...	...	...	29,77,062
1928	...	...	...	...	...	30,22,526

The amount collected on account of this excise does not affect the question, as presumably the claim of the Régie would be based upon the rate of taxation which they were entitled to levy on this tobacco under their concession and not on the amount of tax collected at present rates. The Ministry state that owing to the nature of the frontier between 'Iraq and Persia large quantities of Persian tobacco are brought across the border and are treated for taxation exactly as if the tobacco had been grown in 'Iraq. It is contended that a reduction of 20 per cent. should be made in the above figures on this account.

3. I am informed that if the Régie do establish their claim for compensation the question of currency will be introduced by the 'Iraq Government who will endeavour to maintain that the claim must be based on the value of the Turkish paper piastre and not on that of the gold piastre.

I have, &c.,
GILBERT CLAYTON,
High Commissioner for 'Iraq.

C. 69087/29 [No. 12].

No. 40.

MR. G. STUART KING (TREASURY SOLICITOR) to
MR. S. ROBINSON (COLONIAL OFFICE).

Storey's Gate, St. James's Park,
DEAR ROBINSON, London, S.W.1, 11th July, 1929.

Tobacco Régie.

I HAVE had a number of discussions with the Régie's Solicitors but I am sorry to say that not much progress has been made.

In view of the opinion of the Law Officers that the Régie's claim was sound in law, I have been endeavouring to see whether the Régie would be prepared to accept in settlement a figure which my analysis of their claim suggested was one which I

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* No. 35.

could recommend to the Governments concerned. I need hardly say that the discussions were entirely without prejudice on either side and that they have not committed us to any admission either on figures or law.

The line I took with regard to the figures was that—

(1) The annual increase of 10 per cent. was not justified. In the case of 'Iraq where the concession was purely a tax-collecting one no flat rate increase could be conceded and that the pre-war average, or, if available, the actual amount collected was the proper basis. With regard to Palestine and Trans-Jordania, I suggested that something in the nature of 3 per cent. was the most that could be justified on the figures.

(2) That the Régie must give us credit for any profits they have actually made in the period to which the claim relates.

(3) That they must concede the counter-claim by Palestine for customs duties.

On this basis, and assuming, for the purpose of argument, that the pre-war figures supplied by the Régie were correct, it seemed to me that the Régie's claim amounted in the case of 'Iraq to approximately £T.126,000 gold, in Palestine to £T.32,000, and in Trans-Jordan to £T.100,000. I accordingly asked whether the Régie would be prepared to consider a sum of, say, £T.150,000—£T.170,000.

The Solicitors have now informed me that this figure is far too small. Their claim as lodged amounts to £T.342,000, and in addition they claim interest. My figure therefore did not amount to even 50 per cent. of their claim. They stated that unless an offer in the neighbourhood of £T.200,000—250,000 was forthcoming they saw no alternative to arbitration.

In considering this proposal you will appreciate that with regard to 'Iraq, which forms the bulk of the claim (if Palestine's counter-claims are taken into account), the position apparently is that certain taxes ceded to the Régie have been collected by the 'Iraq Government and they have therefore had the benefit of the money to which, if the concession is deemed to be valid, they had no right.

With regard to Palestine and Trans-Jordan the position is different in that I do not think those Governments have actually had the benefit of any profits claimed by the Régie; they have not, as I understand the matter, themselves dealt in tobacco.

In the course of my discussions with the Solicitors I also took the following points:—

(1) That the Governments concerned were entitled to claim from the Régie the share of the Ottoman Empire and of the Debt between October, 1918, the date on which they are subrogated to the rights and liabilities of the Ottoman Government under the concession, and the respective dates on which the Régie were deprived of their concession in the various territories. In the case of 'Iraq this probably does not amount to anything as the Régie's concession was suppressed in that territory in November, 1918. I am not clear how much is involved in the other two territories but the point may serve further to reduce the figures in their case. You will realise that as the claim of the Régie is only to their own share of the profits we cannot claim anything on this head in respect of any period subsequent to the suppression of the concession.

(2) I also suggested that the Régie having gone into voluntary liquidation and thus made it impossible for the Governments concerned to maintain the concession, the Régie were not entitled to claim any compensation in respect of the period subsequent to the date of liquidation. I am bound to confess that I do not regard this as a very substantial point and even if it is sustained the claim is still a very substantial one as liquidation did not, I think, take place until 1925 or 1926.

In your letter of the 25th March* you suggested certain further points which might be taken and I will deal with these seriatim:—

(1) Alteration in proportion of profits:—

I enclose a table† (which please return) furnished by the Solicitors showing the effect of this point. So far as I can see there is not much in it though we should of course press it if arbitration proceedings become necessary.

(2) Termination of monopoly in Trans-Jordan:—

I observe the point about the actual date. The Régie, however, maintain that they were in fact deprived of their monopoly at the earlier date. This will be a disputed fact to be proved by evidence.

(3) You suggest that as the Régie's capital was repaid by the Turkish Government, any part of their claim attributable to interest should be deleted. I do not

* No. 37. † Not printed

think, however, that this can be maintained. The basis of their claim is purely loss of profit and we are not, so far as I can see, entitled to any credit by reason of the payment made by the Turkish Government.

With regard to the concluding paragraph of your letter, while it is clearly necessary in considering the merit and amount of the Régie's claim to consider separately the position in the various territories concerned, I hope very much that it will not be necessary in any proceedings or in any negotiations with the Company for a settlement to split up the claim into its component parts. A settlement could only be reached on broad lines and it would complicate matters considerably if we had to settle not one but three claims.

I think you will now have to consider whether it is any good trying to get the Governments concerned to agree to the payment of a figure in the neighbourhood of £T.200,000. It is clear to me that a settlement cannot be effected at a lower figure. 'Iraq, as you know, expressly reserved the right to consider for itself any proposals for settlement before one was finally reached.

The position is that our Law Officers have advised that the Régie's claim is good in principle, and the only points which in their opinion were open to discussion were the figures. However these are regarded I do not see that they can be reduced below £T.150,000, and against this is the fact that the Régie's claim is for £T.342,000 plus interest, or, say, £T.400,000.

Looking at the matter as a whole, I think that £T.200,000 is the utmost we should be justified in suggesting and I am bound to confess that I doubt whether it would be accepted.

It is true that arbitration proceedings would be expensive and prolonged, but in any proceedings of this kind we should of course advance every possible objection to the claim and it may be that when they see that we are in earnest in so doing a more reasonable spirit may be induced.

I shall be glad if you will consider the matter further in the light of my observations, and let me have instructions in due course. I am sending a copy of this letter to Bewley.

Yours, &c.,
G. STUART KING.

C. 69087/29 [Nos. 13-14].

No. 41.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER AND THE OFFICER ADMINISTERING THE GOVERNMENT.

[1] 'IRAQ.
[2] PALESTINE.

[*Answered* [2] *by No.* 45.]

(Confidential.)

SIR, Downing Street, 25th July, 1929.

I HAVE the honour to address you on the subject of the claim of the Society of the Ottoman Tobacco Régie against the Governments of 'Iraq, Palestine and Trans-Jordan.

2. In his telegram [No. 188 of the 29th of March, 1928,* Sir Henry Dobbs] [No. 30 of 2nd March, 1928† Lord Plumer] indicated that the ['Iraq Government] [Palestine and Trans-Jordan Governments] desired the Treasury Solicitor to undertake negotiations with the Society's legal representatives with a view to a settlement of the claim [*To* [1] *only*: on condition that the terms of the suggested settlement, as far as they would bind the 'Iraq Government, should be communicated to them for acceptance or rejection before final conclusion].

3. You will recall that Count Ostrorog advised that the Convention of 1913 upon which the claim is based must be regarded as one that was *de facto* valid and operative (see Mr. Amery's Confidential despatch of the 13th of October, 1927‡); and that such other legal objections as it seemed possible to raise against the claim were then submitted to the Law Officers who advised that none of these appeared to them to be good, that assuming that the figures could be justified, the basis of the claim seemed to be not unreasonable, and that it would be wisest to attempt a settlement of the claim.

*No. 26. † C. 59008/28 [No. 57]: not printed. ‡ C. 49048/27 [No. 69]: not printed.

4. The Treasury Solicitor has, in the course of his conversations with the Society's solicitors, taken such other grounds as seemed to him to be possible. The first was the question of the preponderance of allied capital in the Society at the material date for the purposes of the Concessions Protocol attached to the Treaty of Lausanne. It appears that the Society's shares are in bearer form and clear proof would be difficult, but from such evidence as the solicitors have produced it seems beyond doubt that they would be able to sustain their case on this ground. The other points which have been taken are :—

(*a*) that the annual increase of 10 per cent. on the average of pre-war profits was not justified;

(*b*) that while the Society have not held the monopoly in Palestine and Trans-Jordan since 1921 they have operated in those territories and the profits made by these operations must be deducted from their claim;

(*c*) that Palestine had a claim for £E.53,031 for customs duty against the Society;

(*d*) that Palestine and Trans-Jordan were entitled to the share of the Ottoman Debt Council between October, 1918, and the date of the termination of the monopoly;

(*e*) that the Society had gone into voluntary liquidation and that the Concession therefore could not have been maintained.

(*f*) that the Concession if it had not been terminated would have run on somewhat different terms from the pre-war Concession and that the pre-war basis was not therefore exactly sound.

(*g*) that as the Turkish Government repaid the whole of the Society's capital in 1923, no account of the interest due on the capital should be taken after that date. As regards the point mentioned under (*b*) it appears that the profits made by the Society since 1921 in Palestine and Trans-Jordan have amounted to about £27,000. As regards the point mentioned under (*f*) it appears that the amount involved is only £T.160 annually.

5. The total amount of the claim was £T.342,000 and in addition the Society now apparently claim interest on that sum. The Treasury Solicitor has reached the conclusion that the Society's Solicitors are unable to consider an offer of less than £T.200,000 or £T.250,000 gold and that it is therefore useless to attempt to discuss with them the question of currency. If recourse to arbitration is to be avoided therefore it will be necessary to offer the Society a sum of not less than £T.200,000. As regards arbitration, it appears that the Society have in mind arbitration by a body composed of one representative of the Governments, one representative of the Society and an umpire selected by them jointly.

6. I therefore invite the ['Iraq Government] [Palestine and Trans-Jordan Governments] to consider whether they are prepared to agree to authorise the Treasury Solicitor to offer the Society a sum of £T.200,000 gold in settlement of their claim. Distributing the profits made by the Society in Palestine and Trans-Jordan on the basis of the amounts of the claims against those territories the claims might be reduced to £T.122.000 and £T.8,000 respectively, and deducting from the claim against Palestine the amount of the counter-claim for customs duty, which might be put at £T.54,000, the amount of the claim against Palestine becomes £T.68,000 and the total claim is reduced to about £T.260.000. If then an offer of £200,000 were made it might be distributed between the three Governments concerned as follows :—

'Iraq	£T.142,000
Palestine	£T.52,000
Trans-Jordan	£T.6,000

7. The Treasury Solicitor does not advise that such a settlement should be made and while many of the grounds of objection raised to the claim appear to have little substance it may be that they could be sustained with success before an Arbitral Tribunal. On the other hand, the fact that the Society have been allowed to retain their monopoly in Syria would no doubt be a strong point in their favour and proceedings by arbitration would probably prove very expensive.

8. I shall be glad to learn the wishes of the ['Iraq Government] [Palestine and Trans-Jordan Governments]. It seems essential that the Governments should take concerted action in this matter and I am addressing a similar despatch to the [Officer Administering the Government of Palestine] [High Commissioner for 'Iraq] and would be glad if you would forward to him a copy of your reply.

I have, &c.,
PASSFIELD.

C. 69087/29 [No. 16].

No. 42.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 46.]

SIR, Downing Street, 6th August, 1929.

WITH reference to the correspondence ending with your F. 8712/4 of the 20th of September, 1928,* I am directed by Lord Passfield to transmit to you copies of despatches† which have been addressed to the High Commissioner for 'Iraq and the Officer Administering the Government of Palestine in regard to the claim of the Society of the Ottoman Tobacco Régie against 'Iraq, Palestine, and Trans-Jordan. These despatches were prepared after discussion with the Treasury Solicitor, in whose hands, as the Lords Commissioners of the Treasury will recall, the negotiations for a settlement of the claim had been placed.

2. It appears that the Society now claim interest upon the amount of the original claim, and it is, therefore, desirable that there should be no avoidable delay in dealing with it. Lord Passfield would be glad to learn whether Their Lordships have any observations to offer on the subject at this stage. He directs me to point out that should the claim against Trans-Jordan be settled by a cash payment, the payment will, in effect, have to be met from British funds, and that, as Their Lordships are aware, the 'Iraq Government have claimed and will, no doubt, continue to claim that any liability admitted in respect of 'Iraq for the period up to the 31st of March, 1921, rests against His Majesty's Government.

I am, &c.,
O. G. R. WILLIAMS.

C. 69087/29 [No. 20].

No. 43.

MR. F. W. McCOMBE (TREASURY SOLICITOR) to MR. S. ROBINSON (COLONIAL OFFICE).

Storey's Gate, St. James's Park,

DEAR ROBINSON, London, S.W.1, 16th August, 1929.

I BELIEVE that you are now dealing with the " Tobacco Régie " case. Stuart King is on leave but, as he will be back next week, I am taking no action on the letter, a copy of which I enclose, except to pass this copy to you for information. I have informed Messrs. Johnson, Jecks & Co. that the matter will be dealt with by King on his return.

Yours, &c.,
F. W. McCOMBE.

Enclosure in No. 43.

DEAR SIR, 24, Austin Friars, London, E.C.2, 13th August, 1929.

Tobacco Régie.

Without Prejudice.

WE have been rather expecting a communication from you arising out of the conversation which passed between Mr. King and Mr. Jecks on the 2nd ult.

Mr. Jecks gathered from Mr. King that the 'Iraq authorities were less disposed than those of Palestine or Trans-Jordan to concur in an amicable settlement on lines which would be acceptable to our client. In this connection we think it may be useful to transmit to you for your information and consideration the following extract from a letter received by Mr. Jecks from our client :—

" Vous m'avez indiqué que la résistance la plus grande viendra des représentants de l'Irak, peu disposés à payer une indemnité et, par conséquent, à accepter un arrangement. Or, dans le calcul des sommes dues par la Palestine, la Transjordanie et l'Irak, c'est à ce dernier pays que nous réclamons moins que ce qu'il doit réellement, parce que notre calcul a été fait de la façon suivante : Nous sommes partis du montant global revenant à la Société, tel qu'il résulte des comptes généraux et qu'il figure dans les Rapports annuels. Pour avoir sur ce montant,

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* C. 59008/28 [No. 88] : not printed. † No. 41.

le part produite par la Palestine, la Transjordanie et l'Irak, on a multiplié le susdit montant par le rapport des recettes brutes de ces Etats aux recettes brutes totales de l'ancienne Turquie. Il eût paru plus naturel de prendre le rapport des recettes nettes. Si on ne l'a pas fait, c'est que le chiffre des recettes brutes pour chaque région se tire directement et incontestablement de chaque comptabilité locale, tandis que le chiffre des recettes nettes est plus délicat à établir et peut prêter à discussion, notamment parce qu'il oblige pour chaque région à une ventilation des frais généraux de toute nature qui sont assumés et réglés par le siège central. On a donc admis, pour la simplicité du raisonnement, que les recettes brutes étaient entre elles dans le même rapport que les recettes nettes. En fait ce mode de calcul ne devrait pas s'appliquer à l'Irak étant donné que, dans cette région, les dépenses d'exploitation étaient beaucoup plus faibles que partout ailleurs. Le Monopole s'y exerçait en effet non pas par la vente d'un produit fabriqué, vente qui exige toute une organisation commerciale avec de nombreuses agences, mais sous forme d'un simple droit de consommation, perçu sur le tabac en feuilles et qui, grâce à la disposition géographique du pays, pouvait se percevoir par l'intermédiaire de quelques agents seulement. Il résulte de là que l'application de la formule fait ressortir pour le produit du Monopole dans l'Irak un bénéfice inférieur au bénéfice effectivement réalisé. D'où cette conséquence que le montant que nous réclamons à l'Irak est inférieur à celui auquel nous aurions effectivement droit.

Tout ce qui précède est peut-être long à expliquer, mais serait facile à prouver et mettrait certainement à la charge de l'Irak une indemnité notablement supérieure à celle qu'il conteste aujourd'hui."

We are, &c.,
JOHNSON, JECKS & COLCLOUGH.

The Treasury Solicitor,
Storey's Gate,
St. James's Park,
S.W.1.

C. 69087/29 [No. 24].

No. 44.

'IRAQ.

MR. F. E. STAFFORD (FINANCIAL SECRETARY) to
THE PRESIDENT OF THE COUNCIL OF MINISTERS.

(Copy received in the Colonial Office, 4th September, 1929.)

(Confidential.) Secretariat of H.E. the High Commissioner
(No. P.O. 216.) for 'Iraq,
MY DEAR PRIME MINISTER, Baghdad, 15th August, 1929.

I AM directed by His Excellency the High Commissioner to invite a reference to my letter No. P.O. 210 dated the 8th of August, 1929,* on the subject of the claim of the Society of the Ottoman Tobacco Régie against the Governments of 'Iraq, Palestine, and Trans-Jordan.

The following information is in amplification of sub-paragraph (F) of paragraph 4 of that letter. The scale on which the gross profits were divided between the Society of the Ottoman Tobacco Régie, the Ottoman Public Debt, and the Turkish Government was varied by the 1913 Convention and the calculation of claims on the basis of profits obtained by the Society under the earlier convention can therefore be challenged. The average annual profit of the Society in 'Iraq, Palestine, and Trans-Jordania, together, for the years 1909 to 1913 would apparently have been £T160 less under the 1913 Convention.

Yours, &c.,
F. E. STAFFORD.

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* C. 69087/29 [No. 23]: not printed.

C. 69087/29 [No. 26].

No. 45.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 10.27 a.m., 29th October, 1929.)

TELEGRAM.

[*Answered by No.* 48.]

No. 281. 29TH OCTOBER. Addressed to Secretary of State for the Colonies. Repeated to Baghdad. Your despatch 29th [? 25th] July, Confidential.* Ottoman Régie Cointeresse des Tabacs. The Palestine and Trans-Jordan Governments agree on their part to authorise Treasury Solicitor to settle claims on basis proposed. It will be necessary to supplement Trans-Jordan grant-in-aid by amount of share payable by that Government.

C. 69087/29 [No. 28].

No. 46.

MR. A. P. WATERFIELD (TREASURY) to
MR. O G. R. WILLIAMS (COLONIAL OFFICE).

(F. 8712/4.) Treasury Chambers,
DEAR WILLIAMS, Whitehall, S.W.1, 15th November, 1929.

I AM sorry that we have not yet replied to your official letter of the 6th August, 1929,† about the claim of the Ottoman Tobacco Régie, especially as you sent us a reminder on the 19th October, 1929.‡

We have been considering in connexion with the second paragraph of the letter of the 6th August, 1929, whether we are obliged to accept the position that His Majesty's Government must meet any payment in settlement of the claim which could not be met by Trans-Jordan or might not be met willingly by 'Iraq.

I now understand from King of the Treasury Solicitor's Department that the Treasury Solicitor may recommend that the claim should be allowed to go to arbitration. If the claim does go to arbitration one question which will arise, so far as the Treasury are concerned, is whether His Majesty's Government should contend that any claim lies against the Palestine, Trans-Jordan, and 'Iraq Governments. If that contention were made and sustained the Imperial Exchequer would not necessarily be bound to make any payment if Trans-Jordan couldn't settle her share of the debt, or if 'Iraq persists in her claim, which we should resist, that she is not liable in respect of the period prior to March, 1921.

In the circumstances we should prefer not to reply to your letter of 6th August, 1929, at this stage, but to await the Report of the Treasury Solicitor.

I am sending a copy of this letter to King.

Yours, &c.,
A. P. WATERFIELD.

C. 79001/30 [No. 3].

No. 47.

'IRAQ.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 4.30 p.m., 13th March, 1930.)

TELEGRAM.

No. 151. 12TH MARCH. Addressed to Secretary of State for the Colonies. No. 151. Reference to your No. 112.§ Repeated to Jerusalem reference to telegram 29th October, No. 281.‖

Tobacco Régie claim.

Council of Ministers have decided to reject settlement on basis proposed by Treasury Solicitor.

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* No. 41. † No. 42. ‡ C. 69087/29 [No. 25]: not printed.
§ C. 79001/30 [No. 2]: not printed. ‖ No. 45.

C. 79001/30 [No. 7].

No. 48.

PALESTINE.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential.)

SIR, Downing Street, 2nd April, 1930.

WITH reference to my Confidential despatch of the 25th July, 1929,* and to your telegram of the 29th October, 1929,† regarding the claim of the Society of the Ottoman Tobacco Régie against 'Iraq, Palestine, and Trans-Jordan, I have the honour to inform you that I have learnt from the High Commissioner for 'Iraq that the Council of Ministers have decided to reject a settlement on the basis proposed by the Treasury Solicitor. In the circumstances, the whole matter will now have to be reconsidered.

I have, &c.,
PASSFIELD.

C. 79001/30 [No. 10].

No. 49.

'IRAQ.

THE SECRETARY TO THE COUNCIL OF MINISTERS to THE FINANCIAL SECRETARY TO THE HIGH COMMISSIONER.

(Received in Colonial Office, 30th April, 1930.)

(Confidential.)
(No. 928.) Secretariat of the Council of Ministers,
Baghdad, 19th March, 1930.

REFERENCE your letter dated 8th August, 1929,‡ on the subject of the claim of the Ottoman Régie des Tabacs against the 'Iraq Government.

I am directed to inform you that the 'Iraq Government have carefully considered your above-quoted letter and other correspondence on the subject, and have reached the following conclusions:—

The 'Iraq Government concur in the opinion of the British Treasury Solicitor that there are several arguments that can be raised against the claim and successfully sustained before an arbitral tribunal.

As regards the claim put forward by the Company, the 'Iraq Government consider that it may be possible on further investigation to challenge both the basis and the figures with the result of reducing the claim. In particular (*a*) it may be possible to treat the claim on a paper and not on a gold basis, and (*b*) the returns of tobacco consumption in 'Iraq since 1921 do not show a progressive increase of 10 per cent.

It is true that the fact that the Palestinian and Trans-Jordanian Governments have agreed to settle the claim might prejudice the case of 'Iraq, but, on the other hand, it should not be forgotten that the case of 'Iraq is dissimilar to these two cases, since the Company's monopoly did not include the manufacture of tobacco and its sale in 'Iraq, but only gave the Company the right to collect certain taxes.

In view of the foregoing considerations, the 'Iraq Government do not agree to settlement on the basis proposed in your letter under reference.

It should be noted in this connexion that the claim will be against His Britannic Majesty's Government, and that if it is made good the said Government expects the 'Iraq Government to meet the amount claimed. The 'Iraq Government agree to bear that portion of the Company's claim as refers to the period after April, 1921, since they have benefited from the taxes on tobacco from that date up to the date of the cancellation of the monopoly by the Turkish Government.

ABDUL QADIR RASHID,
Secretary to the Council of Ministers.

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* No. 41. † No. 45. ‡ C. 69087/29 [No. 23]: not printed.

C. 79001/30 [No. 11].

No. 50.

MR. G. STUART KING (TREASURY SOLICITOR) to MR. H. R. COWELL (COLONIAL OFFICE).

DEAR COWELL, Storey's Gate, St. James's Park, S.W.1, 3rd May, 1930.

Tobacco Régie.

As arranged at our discussion yesterday I am writing to place on record the fact that in my opinion the telegram received from 'Iraq with regard to this matter makes it quite clear that any further attempt to settle this claim is useless. It is true that the Palestine and Trans-Jordan Governments have intimated their willingness to accept a settlement on the lines I suggested, but it would in my opinion be quite impossible to settle that part of the claim which relates to those two territories if 'Iraq stands out. In the first place I doubt whether the Company would accept a partial settlement, and in the second place it would be grossly unfair to 'Iraq to attempt to do so. However much in form a partial settlement might be treated as without prejudice to the 'Iraq part of the claim it would, in fact, hopelessly prejudice the position of that Government. It is true that the details of the claim are by no means the same and that the activities of the Régie in 'Iraq were limited to the collection of certain dues, but the claim is based on their Concession and the legal objections to the claim are the same in all three cases.

I think, therefore, that we must now consider the question of arbitration. The first point for consideration is that at the moment I have no instructions to proceed with arbitration. If you will refer to the Law Officers' Opinion* you will see that they advised that the attempt should be made to settle, and I was instructed, following a meeting at the Colonial Office, to open up negotiations for this purpose, but I have received no instructions as to what was to be done if those negotiations proved abortive. You will no doubt consider how far you must obtain the concurrence of the Governments concerned and the approval of the Treasury. I should like to point out that in view of the correspondence between the Foreign Office and the French Government we are to all intents and purposes, as the Law Officers advised, committed to arbitration in some form or other. It is also the case that the claim, such as it is, arises under the Treaty of Lausanne, which we signed on behalf of the territories in question. In these circumstances it seems to me inevitable that the arbitration must be conducted in form at any rate by His Majesty's Government and that we must retain control of the proceedings.

The Treasury have to my knowledge raised the question whether matters could not be so arranged that the primary liability for any payment which may have to be made should rest with the local Governments, but for the reasons I have mentioned this seems to me quite impossible. The question of any ultimate incidence of that payment is quite another matter, but I do not think that either I or the Company should be asked to concern themselves in this aspect of the matter.

With regard to the nature of the arbitration, there seem to be several alternatives. It might be referred to the Permanent Court at The Hague, but I am much against this course because I doubt whether that Court would be a satisfactory tribunal in a case of this nature which involves not only difficult points of law but also questions of accounting. Another course would be to agree with the Company on a single Arbitrator, possibly with the addition of an Accountant as assessor. This course is attractive and the attempt might well be made but, from such conversations as I had with the Company's solicitors, I anticipate some difficulty in securing their agreement. I think, therefore, that the probability is we shall find ourselves driven to a tribunal constituted of one Arbitrator appointed by each party and an Umpire. I should propose in this event to endeavour to secure the agreement of the Company to Mr. Hammerich as Umpire, and I think we might well consider Mr. Hill, the English Judge on the Mixed Arbitral Tribunal at Constantinople, as our nominee.

I hope that in any instructions which you may have to give me about arbitration you will leave the nature of the tribunal rather at large, though I will, of course, consult you before finally accepting any particular tribunal.

With regard to the preparation of the case for arbitration, I gather that the general impression is that we should instruct Counsel to prepare our case but that it might be necessary to communicate with the local Governments before it is formally submitted.

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* No. 53A in L.O.O. Series, Volume VIII.

The only other point which occurs to me at this stage is the question of costs. Here again there are various alternatives, but inasmuch as I doubt very much whether we can possibly expect to escape liability altogether, I think the best course would be to endeavour to arrange for sharing any fees payable to the Arbitrator equally, and for each side to bear the costs of presenting its own case.

Owing to my absence at The Hague I have not yet communicated the fact that negotiations must be regarded as having broken down to the Company, but I feel that I cannot delay doing that and I should expect the communication of that information to produce an immediate demand for arbitration, and I should like, therefore, to get the matter in train as soon as possible.

Yours, &c.,
G. STUART KING

C. 79001/30 [No. 12].

No. 51.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 52.]

Downing Street, 21st May, 1930.

SIR,

WITH reference to the letter from this Department of the 22nd of March,* enclosing a copy of a telegram† from the High Commissioner for 'Iraq reporting that the Council of Ministers had decided to reject a settlement on the basis proposed by the Treasury Solicitor of the claim of the Ottoman Tobacco Régie, I am directed by Lord Passfield to transmit to you, for the information of the Lords Commissioners of the Treasury, a copy of a letter‡ from the Financial Secretary of the Council of Ministers to the High Commissioner for 'Iraq, explaining the position of the Council of Ministers in the matter.

2. Their Lordships are aware that the Palestine and Trans-Jordan Governments had intimated their willingness to accept a settlement on the lines suggested by the Treasury Solicitor, but Lord Passfield is advised that it would be quite impossible to settle that part of the claim which relates to Palestine and Trans-Jordan if the 'Iraq Government refuse to be a party to the settlement. In the first place, it is open to doubt whether the Company would accept a partial settlement, and, in the second place, it would be very unfair to 'Iraq to attempt to secure one. However much in form a partial settlement might be stated to be without prejudice to the liability of 'Iraq, it would, in fact, undoubtedly prejudice the position of that Government.

3. In these circumstances, it is necessary to consider the question of arbitration on the claim. Lord Passfield assumes that as soon as the Solicitors to the Tobacco Régie are informed of the refusal of the 'Iraq Government to compromise the claim, they will ask for it to be submitted to arbitration. It will be remembered that the Law Officers, in their Opinion of the 31st January, 1928,§ advised that it would be very difficult for His Majesty's Government to refuse arbitration in this case.

4. Lord Passfield is advised that the claim arises under the Treaty of Lausanne, which was signed by His Majesty's Government, and that it is inevitable in these circumstances that the arbitration must be conducted in form by His Majesty's Government, who must retain control of the proceedings.

5. I am, therefore, to request that the Lords Commissioners of the Treasury may be moved to give their approval to the reference of the claim to arbitration on the understanding that the primary liability for any payment which may have to be made should lie upon His Majesty's Government. As regards the ultimate incidence of any such payment, Lord Passfield sees no reason to doubt that the Palestine and Trans-Jordan Governments would be willing to reimburse His Majesty's Government in respect of any award in so far as it relates to their territories, but the position of the 'Iraq Government is indicated in the enclosure to this letter from which it is assumed that they would not accept any liability in respect of any portion of the Company's claim referring to the period prior to April, 1921.

* C. 79001/30 [No. 5]: not printed. † No. 47. ‡ No. 49.
§ No. 53A in L.O.O. Series, Volume VIII.

6. Subject to Their Lordships' approval of the reference of the claim to arbitration, steps will be taken for the preparation of the case, and for the discussion of the question of the tribunal to which it is to be submitted.

7. As regards costs, Lord Passfield would propose that an endeavour should be made to arrange that any fees payable to the arbitrator should be shared equally between the parties, and that each party should bear the cost of presenting its own case. Lord Passfield assumes that the Governments of Palestine, Trans-Jordan, and 'Iraq would be willing to accept liability between them for such costs as might be incurred by His Majesty's Government.

I am, &c.,
O. G. R. WILLIAMS.

C. 79001/30 [No. 20].

No. 52.

TREASURY to COLONIAL OFFICE.

(F.8712.)

Treasury Chambers, 8th August, 1930.

SIR,

THE Lords Commissioners of His Majesty's Treasury have had before Them Mr. Williams' letter of the 21st May, 1930,* on the subject of the claim of the Society of the Ottoman Tobacco Régie against the Governments of 'Iraq, Palestine, and Trans-Jordan, and after consultation with Their Solicitor Their Lordships direct me to request you to lay before the Secretary of State the following reply.

2. My Lords agree that, in view of the attitude adopted by the 'Iraq Government, it would be useless to pursue further the negotiations for a settlement of the claim. It should be recognized, however, that any litigation which may ensue would be the direct result of the rejection by the 'Iraq Government of the compromise terms which their co-defendants had expressed their willingness to accept.

3. My Lords agree that if the French Government prefer a request for the Society's claim to be referred to arbitration and such request is acceded to, the parties to the arbitration would be the French Government on behalf of the Society on the one side and His Majesty's Government on behalf of the Governments of 'Iraq, Palestine, and Trans-Jordan on the other, and that it is to His Majesty's Government that the French Government would be entitled to look for payment of any award given in the claimant's favour.

4. Subject to a prior undertaking being given by the three local Governments to reimburse His Majesty's Government in proportion to their respective interests for any costs incurred, and (except as to the pre-April, 1921, liability disputed by the 'Iraq Government) any damages or other sum payable as the result of an award in the claimant's favour, My Lords agree that His Majesty's Government should accede to a request, if and when made by the French Government, for reference of the claim to arbitration.

5. In the event of a reference to arbitration, My Lords approve the suggestion of Their Solicitor that the dispute should, if possible, be referred to the decision of a single Arbitrator, a suitable nominee being Mr. Hammerich, the President of the Anglo-Turkish Mixed Arbitral Tribunal.

6. With regard to the pre-April, 1921, liability in the case of 'Iraq, My Lords consider that there would be no justification for imposing on the British Exchequer any part of the consequences of an adverse award. Whilst it is not now proposed to insist on the 'Iraq Government accepting the compromise favoured by His Majesty's Government and accepted by the Governments of Palestine and Trans-Jordan, My Lords are nevertheless of opinion that the 'Iraq Government should be urged to accept responsibility for any Award, without limitation, so far as it relates to 'Iraq territory. In the 1921 Settlement between His Majesty's Government and the Government of 'Iraq, under which 'Iraq assumed independent authority and responsibility in matters of finance, it was not intended that there should be any outstanding liability for which His Majesty's Government might have to accept responsibility later. The same point arises in the case affecting the Shaikhs of Kowait and Mohammerah (Colonial Office letter of the 1st July, 1930†).

7. My Lords trust, therefore, that the Secretary of State will endeavour to induce the 'Iraq Government to withdraw their reservation. Should, however, they refuse to do so, My Lords will ask that the 'Iraq Government be invited to give a further

* No. 51. † C. 78214/30 [No. 37]: not printed.

undertaking that in the event of an adverse award by the Arbitrator the extent of liability of the 'Iraq Government shall be settled without delay in the manner contemplated by the Treaty signed on the 30th June, 1930.

I am, &c.,
R. V. NIND HOPKINS.

C. 79001/30 [No. 21].

No. 53.

SIR F. H. HUMPHRYS (HIGH COMMISSIONER FOR 'IRAQ) to
NURI PASHA AL SA'ID (PRIME MINISTER AND MINISTER FOR FOREIGN AFFAIRS, 'IRAQ).

[*Answered by No.* 54.]

SIR, Downing Street, 12th August, 1930.

IN the course of our discussion on the 15th July Your Excellency reverted to the question of the claim of the Ottoman Régie des Tabacs, and asked me to communicate to you in writing the proposals of His Majesty's Government for a settlement of this claim in so far as it concerns 'Iraq.

Your Excellency will recall that in the letter addressed by the Secretary to the Council of Ministers to my Financial Secretary No. 928 of the 19th of March, 1930,* it was stated that the 'Iraq Government were unable to agree to this matter being settled by direct agreement with the claimants in accordance with proposals which had been made by His Majesty's Government. The letter then proceeded to explain that the 'Iraq Government agreed to bear that portion of the Company's claim, if substantiated, which referred to the period after April, 1921, but that they considered that any portion of the claim relating to the period prior to that date should be met by His Majesty's Government.

As I explained to Your Excellency at our discussion on the 15th of July, His Majesty's Government are not prepared to accept any final liability whatsoever in regard to this claim. I understand from Your Excellency that the 'Iraq Government are not prepared to modify their attitude regarding the incidence of liability for the period prior to the 1st of April, 1921. This question, therefore, remains at issue between the two Governments and I am authorized to suggest that, since, in view of the 'Iraq Government's refusal to dispose of the claim by a settlement out of Court, a reference of the whole matter to arbitration will in any case prove necessary, this issue between His Majesty's Government and the 'Iraq Government should in the event of an adverse award also be submitted to arbitration. His Majesty's Government would be prepared to submit this question either to the Arbitrator who has adjudicated upon the Company's claim as a whole or alternatively to some other arbitrator or arbitrators. The question so to be submitted would be:—whether, in view of the terms of the general financial settlement between the United Kingdom and 'Iraq of 1921, and the general principles of international law, liability in respect of any part of the claim of the Ottoman Régie des Tabacs that relates to the period prior to the 1st of April, 1921, should properly rest upon His Majesty's Government or the 'Iraq Government.

I shall be glad to learn from Your Excellency at an early date that this proposal is acceptable to the 'Iraq Government.

I have, &c.,
F. H. HUMPHRYS.

C. 79001/30 [No. 25].

No. 54.

NURI PASHA AL SA'ID (PRIME MINISTER AND MINISTER FOR FOREIGN AFFAIRS, 'IRAQ)
to SIR F. H. HUMPHRYS (HIGH COMMISSIONER FOR 'IRAQ).

SIR, London, 19th August, 1930.

I HAVE the honour to acknowledge the receipt of your letter of 12th August,† relative to the question of the claim of the Ottoman Régie des Tabacs, and to inform Your Excellency in reply that the proposal set forth in the penultimate paragraph of your letter is acceptable to the 'Iraq Government.

I have, &c.,
NURI SA'ID

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* No. 49. † No. 53.

C. 79001/30 [No. 27].

No. 55.

FOREIGN OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies, and, by direction of the Secretary of State, transmits herewith copy of a letter from the French Ambassador upon the subject of the Ottoman Tobacco Régie's claim in respect of a monopoly in 'Iraq.

Foreign Office,
21st August, 1930.

Reference to previous correspondence: Foreign Office letters of 23rd February, 1928,* and of 17th March, 1928.†

Similar letter sent to Treasury, Board of Trade, and the Treasury Solicitor (for observations).

Enclosure in No. 55.

M. BRIAND vient de faire savoir á M. de Fleuriau que la Régie Générale des Tabacs de Turquie avait rappelé l'attention du Gouvernement français sur la réclamation d'indemnité qu'elle poursuit devant le Gouvernement britannique, à la suite de la suppression anticipée de son monopole contractuel en Palestine, en Transjordanie et en Irak.

Les négociations commencées il y a deux ans, conformément à la proposition du Foreign Office (lettre à cette Ambassade, due 13 février, 1928‡), se poursuivaient favorablement entre les trois solicitors, représentant la Régie, et le Solicitor de la Trésorerie. Le 15 mai, 1930, toutefois, ce dernier faisait connaître à ses trois collègues que le Gouvernement de l'Irak se refusait à reconnaître la validité de la Société demanderesse.

Le Gouvernement britannique connaît bien les validités juridiques de la concession accordée le 4 août, 1913, à la Régie. (Loi du 22 juillet-4 août, 1913, Article 36 de la Constitution ottomane—lettre de la Société au Ministère Ottoman des Finances, le 28 juillet, 1913, et réponse de ce dernier du 25 du même mois—arrangement du 13 juin, 1923, entre le Gouvernement d'Angora et la Régie.) Il est également informé de la situation de cette Société à l'égard des Gouvernements des Territoires détachés de l'Empire Ottoman (notamment Articles 90 et 96 du projet de Traité présenté à Lausanne à la Délégation turque, le 29 janvier, 1923. (Article IX du Protocole 12, annexé au Traité de Lausanne.)

Il suffit donc de rappeler que la validité de la concession n'a jamais été contestée par aucun Gouvernement turc. Elle avait été implicitement reconnue par le Gouvernement de l'Irak, du fait de l'ouverture de pourparlers relatifs à la fixation de l'indemnité à accorder à la Régie. Ces pourparlers étaient très près d'aboutir au moment du récent décès du principal solicitor de la Régie. L'accord entre les négociateurs était sur le point de se faire sur un chiffre transactionnel.

M. Briand a donc prié M. de Fleuriau d'intervenir auprès du Gouvernement britannique, en vue d'assurer la sauvegarde des intérêts français qui se trouvent compromis du fait de la déclaration du 15 mai dernier.

M. de Fleuriau saisit cette occasion pour renouveler à M. Henderson l' assurance de sa haute considération.

Ambassade de France,
Albert Gate House,
Londres,
14 août, 1930.

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* C. 59008/28 [No. 56]: not printed. Enclosure printed as No. 21.
† C. 59008/28 [No. 68]: not printed. Enclosure printed as No. 25. ‡ No. 21.

C. 79001/30 [No. 26].

No. 56.

'IRAQ.

THE SECRETARY OF STATE to THE ACTING HIGH COMMISSIONER.

(Secret.)

SIR, Downing Street, 26th August, 1930.

WITH reference to my Confidential despatch of the 22nd of August,* I have the honour to transmit to you, for retention in the Residency's archives, the accompanying letter† from Nuri Pasha stating that the proposal of His Majesty's Government for a settlement of the claim of the Ottoman Régie des Tabacs is acceptable to the 'Iraq Government.

I have, &c.,
PASSFIELD.

C. 79001/30 [No. 28].

No. 57.

MR. G. STUART KING (TREASURY SOLICITOR) to MR. H. G. BUSHE (COLONIAL OFFICE).

[*Answered by No.* 58.]

Storey's Gate, St. James's Park, S.W.1,
1st September, 1930.

DEAR BUSHE,

Ottoman Tobacco Régie.

YOU will have seen the Foreign Office letter of the 21st August,‡ enclosing a copy of a further communication from the French Ambassador with regard to this claim. As the negotiations to which the communication refers were conducted by this Department, I take it that the Foreign Office will expect us to supply the necessary information for their reply.

Subject, therefore, to any observations which you or the Treasury, to whom a copy of this letter is being sent semi-officially, desire to offer, I propose to reply to the Foreign Office to the effect that the negotiations in question were commenced with the object of ascertaining the minimum sum which the Tobacco Régie would be prepared to accept in settlement of their claim; that they have throughout been conducted without prejudice to the legal position of the parties concerned, and that no admission has at any time been made as to the validity of the Régie's Concession. It is, therefore, not correct to state, as the French Ambassador does, that the validity of this Concession has been implicitly recognized by the 'Iraq Government from the fact that the negotiations were entered into. The question of validity was in fact touched upon but was expressly reserved in the course of the negotiations in question.

I was a little uncertain whether to suggest to the Foreign Office that they should formally invite the French Government to demand arbitration, but following our conversation this morning I agree that it is probably quite unnecessary to do so as this is a matter for the Foreign Office themselves.

Yours, &c.,
G. STUART KING.

C. 79001/30 [No. 29].

No. 58.

MR. H. G. BUSHE (COLONIAL OFFICE) to MR. G. STUART KING (TREASURY SOLICITOR).

DEAR STUART KING, Downing Street, 6th September, 1930.

I HAVE received your letter of the 1st September§ regarding the recent note from the French Ambassador relative to the Ottoman Tobacco Régie claim.

The terms of your proposed reply to the Foreign Office appear to be quite suitable, and we agree to your writing to them on those lines.

We do not think that it is necessary for you or us to raise the question of arbitration.

Yours, &c.,
H. G. BUSHE.

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* C. 78388/30 [No. 98]: not printed. † No. 54. ‡ No. 55. § No. 57.

C. 79001/30 [No. 30].

No. 59.

THE TREASURY SOLICITOR to FOREIGN OFFICE.

(Received in Colonial Office 9th September, 1930.)

Storey's Gate, St. James's Park, S.W.1,
8th September, 1930.

SIR,

I AM directed by the Treasury Solicitor to refer to the Foreign Office letter of the 21st August,* enclosing a copy of a note received from the French Ambassador on the 14th August, on the subject of the Ottoman Tobacco Régie's claim in respect of their monopoly in 'Iraq.

I am instructed to explain, for the information of the Secretary of State, that the negotiations to which the French Ambassador refers were conducted by this Department with a firm of London solicitors acting on behalf of the liquidator of the Régie, and that these negotiations were, and were at all times expressed to be, without prejudice to the legal rights of the respective parties to the dispute.

The negotiations in question, which were almost exclusively concerned with questions of amount, were prolonged, and on more than one occasion the view was expressed to the liquidator's solicitors that the chances of a satisfactory settlement were remote, but in deference to strong representations by them the negotiations were continued. The object of the negotiations was to ascertain the minimum figure which the liquidator would be prepared to accept in settlement of his claim in order that the Governments directly concerned in the dispute, namely, the Governments of 'Iraq, Palestine, and Trans-Jordania, might have the opportunity of considering whether, in order to avoid arbitration proceedings which might prove both expensive and prolonged, the figure so ascertained was one which they were prepared to pay. The legal questions involved were of course inferentially mentioned from time to time, but no admissions were made by either side.

In the result agreement was found to be impossible, and on the 10th May last the Treasury Solicitor accordingly informed the solicitors acting on behalf of the liquidator that, having regard to instructions which he had received from the 'Iraq Government, he felt unable to continue the negotiations. In response to a request for further information as to the reasons why the negotiations could not be continued, the solicitors were informed that the 'Iraq Government were not prepared to admit the validity of the original Concession and were, therefore, not willing to agree to an offer being made to the Régie of a sum commensurate with the figure which had been put forward on their behalf.

It is a well settled rule in English law and practice that abortive negotiations for a settlement conducted by the solicitors to the parties to a dispute which have been expressed to be "without prejudice" cannot be relied upon, or referred to in any further proceedings which the parties may take, after the negotiations have broken down. The Treasury Solicitor hopes that this rule, with which the solicitors for the liquidator are of course well acquainted, will be explained to the French Ambassador in connexion with his statement that by entering upon the negotiations the 'Iraq Government implicitly recognized the validity of the Concession, since such a suggestion can only have been made under a misapprehension of the actual position, and the fact that it has been put forward is clearly contrary to the understanding on which the negotiations were carried on with the liquidator's solicitors; the Treasury Solicitor therefore thinks it essential that the matter should be explained to the French Ambassador in order that no misapprehension may hereafter arise as to the position with regard to the negotiations in question.

I am, &c.,
G. STUART KING.

C. 79001/30 [No. 33].

No. 60.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by Nos.* 61 *and* 64.]

SIR, Foreign Office, S.W.1, 7th October, 1930.

WITH reference to Foreign Office letter of 21st August,* enclosing a copy of a note from the French Ambassador, relative to the claim of the Ottoman Tobacco

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* No. 55.

Régie's monopoly in 'Iraq, Palestine, and Trans-Jordan, I am directed by Mr. Secretary Henderson to transmit to you the accompanying copy of a letter* from the Treasury Solicitor's Office on this subject.

2. In Mr. Henderson's opinion, merely to send to the French Ambassador the substance of Mr. Stuart King's letter will not afford a sufficient reply to the French Government's representations, and he considers that the time has now come when some new means must be found of settling this dispute. As Lord Passfield is aware, the Law Officers of the Crown gave it as their opinion on 31st January, 1928,† that, while it would be difficult for His Majesty's Government to refuse arbitration on this case, the Régie appeared prima facie to possess a good claim for compensation against the Governments of 'Iraq, Palestine, and Trans-Jordan. Mr. Henderson understands, however, that it has for some time been contemplated that, if the direct negotiations for a settlement of this matter out of court should not lead to a satisfactory result, His Majesty's Government should propose to the French Government that the whole question, including that of the amount of compensation payable to the Régie, should the latter be able to establish the validity of its concession, should be referred to arbitration; and such a possibility has indeed been taken into account in the notes exchanged between Sir F. Humphrys and the 'Iraqi Prime Minister on the 12th‡ and 19th of August,§ of which copies were enclosed in Colonial Office letter of 22nd August.‖

3. In these circumstances, and in view of the apparent impossibility of disposing of this question by any other means, the Secretary of State proposes, subject to Lord Passfield's concurrence, to reply to the French Ambassador's note of 14th August by formally proposing that the matter should be referred to arbitration, and I am to enclose, for Lord Passfield's observations, the draft of a note¶ to Monsieur de Fleuriau on this subject.

4. As it is desirable that the reply to the French Ambassador's note of 14th August should not be further delayed, I am to request that Mr. Henderson may be furnished with an early reply.

5. Mr. Henderson has also considered the manner in which the parties to the dispute should be described in the special agreement for arbitration eventually to be concluded with the French Government. He desires to call attention in this connexion to the draft special agreement recently drawn up, in consultation between his Legal Adviser and the Legal Adviser of the French Ministry of Foreign Affairs, for the submission to arbitration of the dispute between the French Government and His Majesty's Government on the one hand, and the Turkish Government on the other, in relation to the reserve funds of the Ottoman Public Debt. A copy of this draft agreement was sent to the Colonial Office for Lord Passfield's observations, in Foreign Office letter of 4th October.** In this latter case, the Turkish Government are claiming that the funds should be paid to them, while the contention of His Majesty's Government and the French Government is that such funds should be divided between the succession States, and, in particular, Syria, Palestine, and 'Iraq. Lord Passfield will observe that, in this agreement, the parties are described as " the French Government acting on behalf of Syria and the Grand Lebanon " and " His Britannic Majesty's Government in the United Kingdom of Great Britain and Northern Ireland, acting on behalf of 'Iraq and Palestine." Mr. Henderson is of the opinion that, in the present case, the same formula should be adopted, and that the parties should be described as " the French Government " on the one hand, " the Government of the United Kingdom acting on behalf of 'Iraq, Palestine, and Trans-Jordan " on the other. In view of the fact, however, that there is a difference of opinion between His Majesty's Government and the Government of 'Iraq as to the incidence of the liability for any compensation which may be awarded to the French Government in this arbitration, it may be that some amendment of this formula would be required. Mr. Henderson therefore would be grateful for an expression of the views of Lord Passfield with regard to this question. In any case, however, it appears to the Secretary of State that it would be unnecessary to deal with this point at the present stage in the note to the French Ambassador.

6. In Mr. Henderson's opinion, it would be premature in the present note to the French Ambassador to make mention of the name of Monsieur Hammerich as sole arbitrator. Mr. Henderson agrees that Monsieur Hammerich would be a most suitable arbitrator if the French Government are willing to accept the principle of

* No. 59. † No. 53A in L.O.O. Series, Volume VIII. ‡ No. 53. § No. 54.
‖ C. 78388/30 [No. 97] : not printed. ¶ *See* No. 65. ** C. 79021/30 [No. 115] : not printed.

arbitration, and in that event he will be prepared to press the French Ambassador on the subject. If, however, the French Government are unwilling to do so, the Secretary of State suggests that the case might be referred to the Permanent Court of International Justice at The Hague and he desires to call attention to the point that, whereas fees of a more or less substantial amount have to be paid to any arbitrator, recourse to the Permanent Court of International Justice is free, and that from a purely financial point of view it is an economy to make use of a tribunal to whose maintenance His Majesty's Government in any case have to contribute.

7. It is undoubtedly true that the Court is not a specially suitable tribunal for assessing the amount of damages based upon complicated questions of accounting. It is probable, however, that, if the case were referred to it, the Court would, after giving rulings on all the questions of principle involved, appoint an expert to report to it on the amount of damages if the parties were still unable to agree to them.

8. Mr. Henderson will be glad to receive the views of Lord Passfield on the question whether it would be desirable to suggest reference to the Permanent Court of International Justice as an alternative to Monsieur Hammerich, in the present note to the French Ambassador.

9. A similar letter is being addressed to the Treasury, and copies are being sent to the Treasury Solicitor and to the Board of Trade.

I am, &c.,
G. W. RENDEL

C. 79001/30 [No. 34].

No. 61.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR, Downing Street, 30th October, 1930.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 7th October,* regarding the claim of the Ottoman Tobacco Régie in respect of their monopoly in Palestine, Trans-Jordan, and 'Iraq.

2. In reply, I am to request you to inform Mr. Secretary Henderson that Lord Passfield concurs in the view that His Majesty's Government should propose to the French Government that the whole question, including that of the amount of compensation payable to the Régie should the latter establish the valdity of its concession, should be referred to arbitration. He has no observations to offer with regard to the terms of the note which it is proposed to address to the French Ambassador.

3. Lord Passfield agrees that it would be premature to make mention in the present note of Monsieur Hammerich as sole arbitrator. He considers, however, that the French Government should, in due course, be urged to agree to his selection, and that it would not be desirable to suggest reference to the Permanent Court of International Justice at The Hague as an alternative.

4. I am to add that Lord Passfield is in communication with the Lords Commissioners of the Treasury with regard to the 5th paragraph of your letter, and that a further communication will be addressed to you on the receipt of their reply.

I am, &c.,
O. G. R. WILLIAMS.

C. 79001/30 [No. 35].

No. 62.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 63.]

SIR, Downing Street, 30th October, 1930.

I AM directed by Lord Passfield to invite reference to the letter from the Foreign Office to the Treasury of the 7th October,† regarding the claim of the Ottoman Tobacco Régie in respect of their monopoly in Palestine, Trans-Jordan, and 'Iraq, and to

* No. 60. † *See* paragraph 9 of No. 60.

transmit to you, for the information of the Lords Commissioners of the Treasury, a copy of a letter* which has been addressed to the Foreign Office on the subject

2. With regard to the 5th paragraph of the letter from the Foreign Office under reference, Lord Passfield understands that the Foreign Office letter mentioned therein of the 4th October,† on the subject of the reserve funds of the Ottoman Public Debt, has also been sent to the Treasury. Subject to the consent of Their Lordships, Lord Passfield proposes to agree with Mr. Henderson that the parties to the arbitration should be described in the agreement as " the French Government " on the one hand, and " the Government of the United Kingdom acting on behalf of 'Iraq, Palestine, and Trans-Jordan " on the other. As will be seen from the enclosed copy of correspondence‡ with Nuri Pasha, the 'Iraqi Government have agreed to the whole question being referred to arbitration, and the fact that there is a difference of opinion between His Majesty's Government and the Government of 'Iraq as to the incidence of the liability for any compensation which may be awarded to the French Government in this arbitration, need not, in Lord Passfield's opinion, affect the formula.

3. I am to add that steps will be taken to obtain the formal agreement of the 'Iraqi Government to refund to His Majesty's Government any expenditure incurred on their behalf in this arbitration.

I am, &c.,
O. G. R. WILLIAMS

C. 79001/30 [No. 39].

No. 63.

TREASURY to COLONIAL OFFICE.

(F. 8712/5.)

SIR, Treasury Chambers, 10th November, 1930.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Williams' letter of the 30th October, 1930,§ relative to the claim of the Ottoman Tobacco Régie in respect of the termination of their monopoly in Palestine, Trans-Jordan, and 'Iraq.

In reply I am directed to transmit herewith a copy of a letter which Their Lordships have this day caused to be addressed to the Foreign Office, from which letter Lord Passfield will observe that My Lords see no objection to the description of the parties to the proposed Arbitration, as suggested by that Department.

In view of the fact that the 'Iraqi Government have agreed to the whole question being referred to arbitration My Lords agree that the fact that there is a difference of opinion between His Majesty's Government and the Government of 'Iraq as to the incidence of the liability for any compensation which may be awarded to the French Government in this arbitration need not affect the formula. They note that steps will be taken to obtain the formal agreement of the 'Iraqi Government to refund to His Majesty's Government any expenditure incurred on their behalf in this arbitration.

I am to observe that it is important—as Lord Passfield will no doubt agree—to distinguish between the question of the general liability to the Tobacco Régie and the subsidiary question of the extent to which the 'Iraq Government is bound to assume responsibility to His Majesty's Government for any part of the award. It would only confuse matters if these two issues were dealt with in the same proceedings, and in the event the second question may never arise.

I am, &c.,
R. V. NIND HOPKINS.

Enclosure in No. 63.

(F. 8712/5.)

SIR, Treasury Chambers, S.W.1, 10th November, 1930.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Rendel's letter of the 7th October, 1930, relative to the claim by the Ottoman Tobacco Régie in respect of the termination of their former monopoly in 'Iraq, Palestine and Trans-Jordan. My Lords have considered the reply which it is proposed to address to the French Ambassador's note of the 14th August, 1930, and They direct me to request you to inform the Secretary of State for Foreign Affairs that subject to the observations below They concur in its terms.

* No. 61. † C. 79021/30 [No 115]: not printed. ‡ Nos. 53 and 54. § No. 62.

Paragraph 5. My Lords agree that it is not necessary at the present stage to discuss with the French Government the descriptions under which the parties to the arbitration would appear in the agreement which will eventually have to be concluded between the two Governments. Their Lordships raise no objection for Their part, however, to the descriptions proposed in Mr. Rendel's letter, and They understand that these descriptions also meet with the approval of the Colonial Office.

Paragraphs 6, 7, *and* 8. By Treasury letter to the Colonial Office dated the 8th August, 1930,* My Lords had already intimated Their agreement with the Solicitor's suggestion that it would be preferred to have the dispute referred to the decision of a single Arbitrator. Monsieur Hammerich's experience of the Treaty of Lausanne, and his knowledge of legal forms and procedure in Turkey, render him, in Their Lordships' opinion, eminently suitable to act in that capacity, and My Lords have no doubt that a single Arbitrator would be far more suitable than the Permanent Court of International Justice at The Hague in such a case as this. So far as expense is concerned My Lords would point out that if the arbitration could be arranged to take place in this country, as is quite possible if a single Arbitrator is appointed, the amount which would be saved in respect of Counsel's fees would probably more than cover any additional expense which might be incurred in respect of a fee to the Arbitrator himself.

In the circumstances My Lords will be glad if the Secretary of State will direct his efforts, in such manner as he may deem fit, to securing that Monsieur Hammerich should, if possible, ultimately be appointed Arbitrator, or, failing him, some other single Arbitrator, rather than that the matter should go to the Permanent Court.

Copies of this letter have been sent to the Colonial Office, the Treasury Solicitor, and the Board of Trade.

I am, &c.,
R. V. NIND HOPKINS.

The Under-Secretary of State,
Foreign Office.

C. 79001/30 [No. 40].

No. 64.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR, Downing Street, 14th November, 1930.

WITH reference to your letter of the 7th October,† and to the reply from this Department of the 30th October‡ regarding the claim of the Ottoman Tobacco Régie in respect of the termination of their monopoly in Palestine, Trans-Jordan, and 'Iraq, I am directed by Lord Passfield to request you to inform Mr. Secretary Henderson that, having consulted the Lords Commissioners of the Treasury, he agrees that in the agreement for arbitration to be concluded with the French Government, the parties to the dispute should be described as " the French Government " on the one hand, and " the Government of the United Kingdom acting on behalf of 'Iraq, Palestine, and Trans-Jordon " on the other. He does not consider that the difference of opinion which exists between His Majesty's Government and the Government of 'Iraq as to the incidence of the liability for any compensation which may be awarded to the French Government in the arbitration necessitates any amendment of this formula.

I am, &c.,
H. R. COWELL.

C. 79001/30 [No. 43].

No. 65.

FOREIGN OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State, transmits herewith copy of a letter to the French Ambassador on the subject

* No. 52. † No 60. ‡ No. 61.

of the claim of the Ottoman Tobacco Régie in respect of their monopoly in Palestine, Trans-Jordan, and 'Iraq.

Reference to previous correspondence: Treasury letter of 10th November.*

Foreign Office, 14th November, 1930.

Similar letter sent to Treasury, Treasury Solicitor, and Board of Trade.

Enclosure in No. 65.

YOUR EXCELLENCY, Foreign Office, S.W.1, 12th November, 1930.

I HAVE the honour to inform Your Excellency that I have had under consideration the note which you were good enough to address to me on 14th August, concerning the claim of the Régie Générale des Tabacs de Turquie in respect of their monopoly in Palestine, Trans-Jordan, and 'Iraq.

2. The position in regard to this matter appears to His Majesty's Government to be as follows. The negotiations to which you refer were conducted by His Majesty's Treasury Solicitor with a firm of London solicitors acting on behalf of the liquidator of the Régie, and they were, and were at all times expressed to be, without prejudice to the legal rights of the respective parties to the dispute. These negotiations which were almost exclusively concerned with questions of amount, were prolonged, and on more than one occasion the view was expressed to the solicitors of the liquidator of the Régie that the chances of a satisfactory settlement were remote, but, in deference to strong representations made by them, the negotiations were continued. The object of the negotiations was to ascertain the minimum figure which the liquidator would be prepared to accept in settlement of the Régie's claim, in order that the Governments directly concerned in the dispute, namely, the Governments of 'Iraq, Palestine, and Trans-Jordan, might have the opportunity of considering whether, in order to avoid arbitration proceedings which might prove both expensive and prolonged, the figure so ascertained was one which they were prepared to pay. The legal questions involved were of course inferentially mentioned from time to time, but no admissions were made by either side. In the result agreement was found to be impossible, and on the 10th May last the Treasury Solicitor accordingly informed the solicitors acting on behalf of the liquidator that, having regard to instructions which he had received from the 'Iraq Government, he felt unable to continue the negotiations. In response to a request for further information as to the reason why the negotiations could not be continued, the solicitors were informed that the 'Iraq Government were not prepared to admit the validity of the original Concession, and were therefore not willing to agree to an offer being made to the liquidator of the Régie of a sum commensurate with the figure which had been claimed by the latter.

3. Your Excellency will observe that the negotiations were originally undertaken in order that a settlement might, if possible, be found which might enable the Governments concerned to avoid the expense and delay which would be involved in arbitration proceedings. As the negotiations have now failed, His Majesty's Government consider that the only course left open is to refer the whole matter to arbitration. Such a course would not only dispose of the main question of the validity of the Régie's concession in 'Iraq, Palestine, and Trans-Jordan, but, should the Arbitral Tribunal decide in favour of the validity of the concession, it could also provide a settlement of the question of the amount of compensation, if any, which might reasonably be claimed by the Régie from each of the three territories concerned.

4. If the French Government concur in this view, as I hope will be the case, I shall be prepared to discuss with you what form the arbitration should take, as His Majesty's Government share the desire of the French Government for a speedy settlement of this question, which has unfortunately been long delayed.

5. In Your Excellency's note of 14th August it is stated that the validity of the concession held by the Régie Générale des Tabacs de Turquie was implicitly recognized by the 'Iraqi Government by virtue of the fact of the opening of the negotiations for fixing the sum to be paid to the liquidator of the Régie. I have the honour to point out to you that the opinion thus expressed in your note rests on a misapprehension as to the nature of the negotiations. As stated above, those negotiations were expressed to be without prejudice to the legal rights of the respective parties to the dispute. It

* No. 63.

is a well-settled rule in English law and practice, and one with which the solicitors for the liquidator were well acquainted, that abortive negotiations for a settlement, conducted by the solicitors to the parties to a dispute, which have been expressed to be "without prejudice," cannot be relied upon, or referred to, in any further proceedings which the parties may take after the negotiations have broken down. It was upon this understanding that the Treasury Solicitor carried on the negotiations with the liquidator's solicitor, and it is therefore clear that by entering upon the negotiations the 'Iraqi Government in no way bound themselves to recognize the validity of the Régie's Concession.

I have, &c.
(for the Secretary of State),
G. W. RENDEL.

His Excellency
Monsieur A. de Fleuriau, G.C.V.O.,
&c., &c., &c.

C. 79001/30 [No. 41].

No. 66.

'IRAQ.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Secret.)

SIR, Downing Street, 15th November, 1930.

WITH reference to my Secret despatch of the 24th September, 1930,* I have the honour to transmit to you, for the information of the Government of 'Iraq, the accompanying copy of correspondence† with the Foreign Office and the Treasury regarding the proposed arbitration in the matter of the claim of the Ottoman Tobacco Régie against 'Iraq, Palestine, and Trans-Jordan.

2. I request that the Government of 'Iraq may be asked formally to signify their agreement to refund His Majesty's Government any expenditure incurred on their behalf in connexion with this arbitration.

I have, &c.,
PASSFIELD.

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* C. 79001/30 [No. 32]: not printed.

† Nos. 60 61, 62, 63, and 64.

. *Printed for the use of the Colonial Office.*

Middle East
No. 21.

Confidential.

PALESTINE.

CORRESPONDENCE

[1928 — 1929]

RELATING TO THE

Improvement of Harbour Facilities at Haifa.

(*In continuation of Middle East No.* 12.)

Middle East
No. 21.

Confidential.

PALESTINE.

CORRESPONDENCE

[1928 — 1929]

RELATING TO THE

Improvement of Harbour Facilities at Haifa.

(*In continuation of Middle East No.* 12.)

TABLE OF CONTENTS.

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1928	
1 To Foreign Office ... January 19	States that the question of carrying out the construction of harbour works at Haifa by contract is being considered, and asks whether, in view of the fact that the work is being provided for out of a loan guaranteed by His Majesty's Government, it would be possible, under the terms of the Palestine Mandate, for the Palestine Government to accept the tender of a British firm in preference to any more favourable tender submitted by a foreign firm, and whether a stipulation could be inserted in the contract binding the contractor to use stores of British or Palestinian manufacture 1
2 To the High Commissioner No. 65 ... ... January 19	States that it has been pointed out that the carrying out of the Haifa harbour works by departmental construction is bound to give rise to certain serious difficulties, and enumerates several aspects of the question Requests views on the matter, and transmits copy of No. 1 1
3 High Commissioner, Confidential B ... January 12 (Rec. January 23)	Reports that after having had interviews with Mr. Palmer, of the firm of Messrs. Rendel, Palmer, and Tritton, he wishes to withdraw his concurrence with the opinion previously expressed that departmental construction would be the most advantageous. Encloses memoranda by Mr. Palmer and the Director of Public Works 2
4 Foreign Office ... January 30	Submits observations on the questions raised in No 1, and suggests obtaining the opinion of the Law Officers thereon 6
5 Foreign Office ... February 8	States that it has not been found possible to trace any cases bearing exactly upon the points raised in No. 1 6
6 Sir Henry Lambert ... March 2	Memorandum regarding the various methods of carrying out the construction of harbour works at Haifa ... 7
7 Crown Agents for the Colonies ... ... March 7	Transmits copy of a letter from the Consulting Engineers showing the progress which has been made with regard to the survey of the site for the harbour works 8
8 To Foreign Office ... March 14	Transmits copies of Law Officers' Opinions Nos. 47 and 48, and states that in view of these opinions it has been decided to carry out the work by contract, tenders to be invited from select British firms only, and tenders to provide that the contractor shall use British or Palestinian material as far as possible. Requests observations thereon 10
9 Foreign Office ... ... March 29	Requests that the Law Officers may be asked for an opinion as to whether the words indicated in Article 18 of the Palestine Mandate debar Palestine from granting to British nationals a preference in the construction of harbour works 11
10 To Foreign Office ... June 9	Transmits copies of correspondence with the Law Officers regarding the question raised in No. 19, and states that tenders will be invited from select British firms only, and that the conditions indicated will be imposed 12
11 To Crown Agents for the Colonies ... ... June	States that it has been decided that the harbour shall be constructed by contract, and requests that a draft invitation to tender, framed on the lines indicated, may be prepared and submitted, together with a list of British firms to which the invitation might be sent 12
12 To the High Commissioner, Confidential ... June 12	States what action it has been decided to take regarding the method of construction of the proposed harbour works, and encloses copies of relevant correspondence 13

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Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1928	
13 Crown Agents for the Colonies ... ... July 13	Forwards copy of a letter from the Consulting Engineers transmitting the draft of an invitation to tender for the proposed harbour works, a list of firms to be invited to tender, and certain documents relating to the proposed works 14
14 To Crown Agents for the Colonies ... ... July 26	Submits observations on No. 13 and, subject to certain modifications, agrees to the issue of the documents forwarded by the Consulting Engineers 26
15 To the High Commissioner, Confidential ... August 2	Transmits copies of Nos. 13 and 14 and requests early expression of views thereon 27
16 Crown Agents for the Colonies ... ... August 3	Transmits copy of the invitation to tender which it is proposed to issue to contractors, and a copy of the Consulting Engineers' letter covering the documents referred to in the invitation. Enquires whether any objection is seen to the suggested instructions regarding conditions of labour being included in the general conditions rather than in the invitation to tender ... 28
17 To Crown Agents for the Colonies ... ... August 6	States that no objection is seen to the proposal contained in No. 16 28
18 Crown Agents for the Colonies ... ... August 15	States that letters of invitation to tender were issued to eleven firms of contractors on the 11th August ... 28
19 Crown Agents for the Colonies ... ... August 21	Encloses copy of a letter from the Consulting Engineers regarding the date of issuing of the definite invitations to tender 29
20 The Officer administering the Government, Confidential ... ... August 14 (Rec. August 27)	Has no comments to offer on the correspondence enclosed in No. 15 30
21 The Officer administering the Government, Confidential A ... September 7 (Rec. September 17)	States that as the original estimate for the harbour is now to be exceeded by £250,000, it is necessary to defer consideration of the proposals for the construction from loan funds of the General Post Offices in Jaffa and Jerusalem, and urges that means should be devised by the Consulting Engineers definitely to limit the cost of the harbour to the sum of £1,250,000 30
22 The Officer administering the Government, 935 September 20 (Rec. October 1)	Submits observations on the employment of unskilled labour on the harbour works and on the employment of Jewish labour 31
23 Crown Agents for the Colonies ... ... October 1	Transmits copy of a letter which is being addressed to the tenderers regarding the drawings and documents 32
24 Crown Agents for the Colonies ... ... October 2	Transmits copy of a further letter which has been addressed to the tenderers regarding the postponement of the definite invitations to tender 32
25 The Zionist Organisation October 9	Submits views on the question of the employment of Jewish labour on the harbour works 33
26 To the Officer administering the Government, Telegram No. 171 ... October 31	Indicates the provisional conclusions arrived at regarding the employment of unskilled and Jewish labour, and requests agreement to the conditions indicated being inserted in the invitations to tender 37
27 The Officer administering the Government, Telegram No. 178 ... November 9 (Rec. November 9)	Submits comments on the proposals contained in No. 26 38
28 To the High Commissioner, Telegram No. 189 November 20	Gives reasons for suggesting the payment of a bonus for Jewish labour, and trusts that the proposal will be accepted 38

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1928	
29 The Officer administering the Government, Telegram No. 187 ... November 25 (Rec. November 25)	In reply to No. 28, considers it preferable to follow the course indicated 39
30 The Officer administering the Government, Confidential B ... November 16 (Rec. November 26)	States that steps have been taken to reserve by lease certain necessary areas of land. Suggests that the work of drainage, lighting, equipment and building of the Customs bonds might be carried out by the Public Works Department. Submits observations as to the building of a separate oil jetty 39
31 To the Officer administering the Government, Confidential D ... November 29	Comments on the proposal made in No. 29, and requests that the matter may be laid before Sir John Chancellor on his arrival. Requests information on the points indicated 40
32 To Crown Agents for the Colonies ... ... December 4	Transmits, for the observations of the Consulting Engineers, a copy of No. 30 42
33 The High Commissioner, Telegram No. 194 December 11 (Rec. December 11)	Supports the recommendation made in No. 29 42
34 Crown Agents for the Colonies ... ... December 17	Transmits, with observations, copy of a letter from the Consulting Engineers dealing with various points raised in Nos. 30 and 32 42
35 The High Commissioner, Confidential E, ... December 14 (Rec. December 24)	Submits observations on the employment of Jewish labour, and transmits copy of a memorandum by the Director of Public Works regarding the additional cost of the works in the event of the bonus proposal being adopted 43
36 To the High Commissioner, Telegram 209, Confidential ... ... December 27	States that, in the circumstances indicated, it is desirable to revert to some form of departmental construction, and asks whether any objection is seen thereto 46
37 The High Commissioner, Telegram 206 ... December 28 (Rec. December 28)	States that no insuperable objection is seen to the proposal in No. 36, and invites reference to No. 35 ... 46
38 To Foreign Office ... December 29	States that, in the circumstances indicated, it is desirable to revert to some form of departmental construction, and asks whether any objection is seen thereto from the points of view indicated 46
1929	
39 The Crown Agents for the Colonies ... ... January 26	States that the Consulting Engineers have given information to the effect that they consider the blue prints should be sent to the High Commissioner to permit the precise extent of the areas it is desired to reserve to be marked thereon 47
40 Foreign Office ... January 31	Forwards copies of Notes addressed to the United States Ambassador and to the Italian Chargé d'Affaires. In view of difficulties which have already arisen with foreign Powers, hopes that the greatest care will be taken in proceeding with the execution of the proposed works departmentally, and that the Italian firms to whom promises were originally given may be given the opportunity to tender should occasion arise 47
41 To the High Commissioner, Telegram No. 19, Confidential ... ... February 5	Has decided that the construction of the works should be carried out departmentally. Consulting Engineers being asked to advise as to precise form of departmental construction to be adopted, but would be glad to receive any views on the matter. Crown Agents asked to consider suggestion as to possibility of obtaining plant and staff from Pearsons. Requests reconsidered views on labour questions 48

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1929	
42 To the High Commissioner, Confidential C ... February 7	Forwards copies of Notes to and from American and Italian Ambassadors. Comments as to supply of materials by contract, and as to replies to be returned to certain inquiries which have been received ... 48
43 To Crown Agents for the Colonies ... ... February 8	States that it has been definitely decided that the work must be carried out departmentally. Requests Consulting Engineers be approached regarding the precise method of departmental construction, and suggests nature of information to be communicated to firms who were proposing to tender or from whom inquiries have been received 49
44 Crown Agents for the Colonies ... ... February 11	Transmits a copy of a letter from the Consulting Engineers regarding the quarry site at Athlit for the Haifa harbour works 49
45 Crown Agents for the Colonies ... ... February 13	In reply to No. 43 urges that no steps in the matter should be taken in Palestine pending the receipt of information from the Consulting Engineers regarding the cost of the scheme. For reasons stated suggests that conference proposed be postponed 50
46 To High Commissioner, No. 118 ... ... February 13	Transmits copy of correspondence with the Crown Agents for the Colonies and requests that arrangements be made for the precise extent of the areas which it is desired to reserve to be marked on the blue prints, and one of the prints to be returned for transmission to the Consulting Engineers ... 51
47 To High Commissioner, Confidential ... February 13	Refers to Nos. 37 and 46 and states that the question of reverting to some form of departmental construction in regard to the execution of the harbour works at Haifa is still under consideration, but requests that the information desired may be furnished 51
48 To Crown Agents for the Colonies ... ... February 16	In reply to No. 45 agrees that discussion should be postponed. Copy of No. 45 is being sent to High Commissioner 51
49 The High Commissioner, Telegram No. 21 ... February 18 (Rec. February 18)	Would be glad to be informed by telegraph how soon advice as to the precise form of departmental construction, &c., may be expected, in view of desirability of issuing public statement 52
50 To High Commissioner, Telegram No. 29 ... February 20	Forwarding by mail copy of correspondence with Crown Agents, who urge that work in connection with the construction should be held up pending the detailed estimate by the Consulting Engineers being available, but there would be no objection to a public announcement being issued, if not already done, to the effect that the works are to be carried out departmentally 52
51 To the Crown Agents for the Colonies ... February 21	Transmits, with reference to No. 44, a copy of No. 46 52
52 The Crown Agents for the Colonies ... ... March 18	Encloses a copy of a letter from Messrs. Rendel, Palmer, and Tritton containing proposals for the arrangements for the construction of the harbour, and states that Mr. Palmer wishes to visit Haifa to examine the site with the assistance of certain members of his staff 53
53 To High Commissioner, Telegram No. 45 ... March 20	States, with reference to No. 50, that immediate appointment of the Resident Engineer and certain other staff has been approved, and that Mr. Palmer will sail on 7th April to inspect the harbour site ... 55
54 To Crown Agents for the Colonies ... ... March 21	Approves proposals contained in No. 52 relating to the engagement of staff, but states that the question of salary of the Resident Engineer will be further considered. Agrees to terms of secondment suggested in respect of Assistant Engineers. Hopes that the revised estimate of the cost will be submitted at the earliest possible date 56

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1929	
55 To the High Commissioner, Confidential A ... March 21	Transmits copies of Nos. 52 and 54 and states that it is realised that the uncertainty as to the total cost of the harbour must increase the difficulties of the Government in deciding on the allocation to other public works of those sums which whether from Loan Funds or revenue, are or may be available for such works. As only £1,000,000 has been allocated from the Loan Funds for the construction of the Harbour, it will no doubt be considered desirable for the question of providing funds to meet the balance of the cost to be further considered 56
56 The High Commissioner, Confidential ... ... March 13 (Rec. March 25)	Submits suggestions on the construction of the harbour 58
57 The Crown Agents for the Colonies ... ... March 26	Forwards a copy of a letter from the Consulting Engineers recommending that funds should be placed at the disposal of the Resident Engineer on his arrival at Haifa 59
58 To the High Commissioner, Confidential A ... March 28	Presumes that suggestions contained in No. 56 will be discussed with Mr. Palmer during his visit to Palestine with the exception of the suggestion relating to the labour question 59
59 The High Commissioner, Confidential ... April 27 (Rec. May 6)	Comments on the part to be taken by the Consulting Engineers, and forwards a copy of a letter from the Director of the Public Works on the question, and also a record of a discussion with Mr. Palmer ... 60
60 To the Crown Agents for the Colonies ... ... May 28	Transmits a copy of correspondence with the High Commissioner and with Messrs. Nobel's Explosives Co. Ltd. States that advice would be welcomed as to the best method of close co-operation between the Resident Engineer and the Director of Public Works on labour questions. Asks for observations on the suggestions contained in No. 56 after consultation with the Consulting Engineers. Considers some modification seems necessary with regard to the procedure for the ordering of stores and materials and asks for observations on the question 63
61 The Crown Agents for the Colonies ... ... May 31	Forwards a copy of a letter to the Chief Secretary, Palestine, enclosing a report from the Consulting Engineers regarding Mr. Palmer's visit to Haifa ... 64
62 Crown Agents for the Colonies ... ... July 25	Forwards, in reply to No. 60, copy of correspondence with the Consulting Engineers. Submits observations on certain of the questions referred to in the enclosures to No. 60 65
63 To Crown Agents for the Colonies ... ... August 13	States, in reply to No. 62, that before communicating with the Officer Administering the Government of Palestine, wishes to be furnished with views on question raised in paragraph 5 of No. 60. Considers sentence as indicated should be added to that paragraph 68
64 The Officer administering the Government, No. 751 August 10 (Rec. August 19)	States that the issue of a Special Warrant to provide funds for expenditure of £P.12,000 under Sub-head Haifa Harbour Construction of the Schedule of Loan Works has been authorised 69
65 To the Officer administering the Government, No. 711 August 29	Acknowledges No. 64 and conveys approval 72
66 The Crown Agents for the Colonies ... ... September 4	In reply to No. 63, submits views on the procedure to be adopted as outlined in No. 59 72

Serial No., From or to Whom, Despatch No., &c., and Date.	Subject and Page No.
1929	
67 To High Commissioner, Confidential D ... September 27	Agrees to course proposed in connection with the submission of indents, and expresses the opinion that a sentence should be added to paragraph 6 of the proceedings, to the effect that materials should, where available, be purchased locally or that they may be indented for on the Crown Agents 72
68 The High Commissioner, Confidential ... September 21 (Rec. September 30)	Forwards a copy of a Note by Rear-Admiral R. P. E. E. Drax on the plan of the harbour 73
69 The Crown Agents for the Colonies ... ... October 23	Forwards a copy of the first half-yearly report submitted by the Consulting Engineers on the progress of the Haifa harbour works up to 30th September, 1929 74
70 The High Commissioner, Confidential ... October 18 (Rec. October 28)	Confirms the assumption that the special arrangements with respect to indents for the purchase of plant and equipment which were recorded in paragraph 6 of the proceedings of the Conference on the 16th April, met with approval. Agrees that a sentence should be added with reference to the purchase of certain materials locally 75
71 To the Crown Agents for the Colonies ... November 19	Transmits a copy of No. 68 and requests steps be taken to obtain the observations of the Consulting Engineers thereon 76
72 The Crown Agents for the Colonies ... ... November 25	States that Mr. Buckton, a partner of the firm of Messrs. Rendel, Palmer, and Tritton left for Haifa on the 23rd November, and that he will consider the suggestion of Rear-Admiral R. P. E. E. Drax regarding a modification to the line of the breakwater, and if possible discuss the matter with the Rear-Admiral 76

CORRESPONDENCE
(1928-1929)
relating to the
IMPROVEMENT OF HARBOUR FACILITIES AT HAIFA.

C. 57105/28 [No. 3].

No. 1.

COLONIAL OFFICE to FOREIGN OFFICE.

[*Answered by Nos. 4 and 5.*]

SIR, Downing Street, 19th January, 1928.

I AM directed by Mr. Secretary Amery to request you to inform Secretary Sir Austen Chamberlain that the Secretary of State has under consideration the construction of certain harbour works at Haifa out of funds provided by the recent Palestine loan which was issued under a guarantee by His Majesty's Government.

2. The Secretary of State was at first disposed to take the view that, for certain special reasons, the work should be carried out departmentally rather than by contract. It has, however, been represented to the Secretary of State that if the works were constructed departmentally, the acquisition and assembly of the plant required and the engagement of the necessary staff would delay the construction of the works, and that, if the amount of plant required for the work is large in proportion to the total cost, the contract system may prove the cheaper. It has therefore been suggested to the Secretary of State that it would be preferable that the works should be carried out by contract.

3. If it were decided to adopt this course, the question arises whether, if tenders were invited for the construction of the works in question, the Palestine Government would be bound to accept a tender from a non-British firm should it prove to be definitely more favourable than any tender submitted by a British firm. The acceptance of a foreign tender would undoubtedly be severely criticised in this country; especially in view of the fact that the loan out of which funds for the construction of the works at Haifa are being provided was guaranteed by His Majesty's Government; but on the other hand, the refusal of a very favourable tender by a foreign firm might be regarded as a breach of the Mandate and be the subject of adverse comment by the Permanent Mandates Commission.

4. Further, if it were decided to adopt the contract system, the question would also arise whether a stipulation could be inserted in the contract binding the contractor to use stores and articles of British or Palestinian manufacture on the work. As Sir Austen Chamberlain is aware, the Permanent Mandates Commission had under consideration, at its Eleventh and Twelfth Sessions, the kindred question whether it is an infringement of the economic equality articles of the Mandate for a Mandatory Power to require, as a condition of its guaranteeing a loan raised by a Mandated territory, that the proceeds of the loan shall be spent in the country of or territories administered by the Mandatory Power. It appears that the Permanent Mandates Commission have reached no final conclusion on the point.

5. The Secretary of State would be glad to receive the views of Sir Austen Chamberlain as to whether, in the circumstances, it would be possible for the Palestine Government to accept the tender of a British firm in preference to any more favourable tender submitted by a foreign firm and whether a condition could be inserted in a contract for the work of the kind mentioned in paragraph 4 above.

I am, &c.,
J. E. SHUCKBURGH.

C. 57105/28 [No. 4].

No. 2.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(No. 65.)

MY LORD, Downing Street, 19th January, 1928.

I HAVE the honour to refer to Your Lordship's telegram No. 194 of the 4th October, 1927,* in which you expressed your agreement with the view that the works to be constructed at Haifa should be carried out by the system of departmental construction.

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* No. 56 in Middle East No. 12.

2. It has now been pointed out to me that the work by this method is bound to give rise to certain serious difficulties. It has been represented that the cost of construction by this method may be greater, perhaps much greater, than if the work were carried out by contract. Messrs. Rendel, Palmer and Tritton state that the plant required will be very costly, compared with the value of the work to be done, and that, after completion of the contract, the residual value of the plant must necessarily be small, since the Government will have no further use for it, and it must be sold for whatever price may be offered. Contractors, on the other hand, would possess the bulk, perhaps the whole, of the plant required, and the plant would be of considerable value to them, since it could be transferred to other works which they might have in course of construction, or might have contracted for. It has been further suggested that, in regard to work of this class, the Government must always be at a disadvantage as compared with the contractor, because the latter has at his immediate disposal a staff of engineers, foremen and gangers highly experienced in carrying out such works. The Government, on the other hand, would have to assemble a constructional staff and local labour could not supply experienced foremen or gangers, or ordinary labour used to this kind of work. In placing these considerations before me the Crown Agents state that they are not aware of any recent case where large harbour works have been carried out successfully and economically by departmental labour, and that no saving of the contractor's profit could possibly outweigh the expensiveness, slowness, and lower level of efficiency of departmental construction in this class of work. The order, manufacture, and delivery of the plant required would itself take some considerable time.

3. I feel that these arguments, though put forward at a somewhat late stage, must be given full and careful consideration. I understand that you will shortly be addressing me on the subject after discussion of it with Mr. Palmer, and I will await your views. I have however thought it well to consult at once the Secretary of State for Foreign Affairs upon the international aspect of the question, and I enclose a copy of a letter which has been sent to the Foreign Office* on the subject.

I have, &c.
(for the Secretary of State),
W. ORMSBY GORE.

C. 57105/28 [No. 5].

No. 3.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 23rd January, 1928.)

[*Answered by No.* 12.]

(Confidential B.)

SIR, Government Offices, Jerusalem, 12th January, 1928.

IN connection with the proposed construction of the harbour at Haifa, Mr. Palmer, of the firm of Messrs. Rendel, Palmer and Tritton, has recently visited Palestine and his report as Consulting Engineer will no doubt be submitted to you shortly.

I had interviews with him after he had finished his inspection at Haifa.

I understood from him that he was satisfied that the plans he had prepared tentatively which were submitted recently by Mr. Buckton whom he had sent out on behalf of his firm were generally suitable.

The general plans involved the construction of an outer " shell " of dimensions adequate for all requirements which could be " filled in " as required.

Mr. Palmer stated definitely that the harbour constructed on this plan could be utilized in connection with an oil pipe line and the export of oil without interfering in any way with its use for ordinary commercial purposes.

The bulk of the stone required for the breakwater will be obtained from Athlit. A small portion of special hardness may have to be procured elsewhere but this presents no difficulties.

The most important matter which he dealt with in his interview with me was the method of constructing the harbour.

In your despatch No. 363 of the 23rd of March, 1927,† you expressed the opinion that the balance of advantages lay with departmental construction rather than

* No. 1. † No. 29 in Middle East No. 12.

by a contractor and gave some very cogent reasons for this opinion. After consultation with the Executive Council I concurred in this view.

Mr. Palmer held a contrary opinion and expressed it to me very strongly.

I asked him, subsequently to my interview with him, to give me a memorandum of his views and I enclose it as such. The opinion of a man who has had the experience of undertakings such as this which Mr. Palmer has had cannot be ignored, and it is a matter of vital importance to Palestine that the most advantageous method should be adopted.

I quite appreciate the fact that if the harbour is constructed by a contractor the contract must be allotted by open tender and that it is possible that a tender might be received from a foreign firm which on financial grounds it might be difficult to refuse. Moreover I know that an undertaking has been given that a" fair wage clause " shall be included in any contract or arrangement for the employment of the required labour and it is possible that this undertaking could be fulfilled more readily under departmental management than in terms of a contract.

The other reasons adduced in your despatch under reference, viz., expedition of the work or at any rate of its commencement and better control of expenditure are contested by Mr. Palmer.

It seems to me that whereas for political reasons departmental construction would be preferable the best practical results would be obtained by the employment of a contractor.

I have naturally no experience in the matter of harbour construction and my personal opinion on such matters cannot therefore carry much weight, but Mr. Palmer's representations have made a very strong impression on me and I wish to withdraw my concurrence with the opinion previously expressed that departmental construction would be the most advantageous.

I have asked Mr. Pudsey, the recently appointed Director of Public Works, to record his opinion, and I enclose a memorandum on the subject prepared by him.

The matter, as I have said, is one of the utmost importance and I know will be most carefully considered before a final decision is made

I have, &c.,
PLUMER, F.M.
High Commissioner for Palestine.

Enclosure 1 in No. 3.

THE CONSTRUCTION OF CIVIL ENGINEERING WORKS.

THE choice between the carrying out of civil engineering works by departmental methods and by contract is largely governed by the nature of the works concerned. There are some who claim that *all* work can be more economically done by contract than departmentally, but, without going anything like so far as this, it can be safely said that large works, involving considerable expenditure on plant for their execution, are more suited to the contract than to the other method.

To take the case of Haifa harbour, the estimated cost of which has been placed at £1,000,000. The plant which will have to be brought into use during the period of construction, say, three years, will cost not less than £250,000 and probably much more. The selection of the most suitable machinery and implements is really expert work for which there are but few real specialists, while the utilisation of this plant to the best advantage requires skill which can only be acquired by many years of experience.

Contractors who have reached the position of being able to carry out works of magnitude have, in attaining that position, acquired this knowledge, while the engineer whose training lies in the direction of design and supervision can only have gained a very general knowledge of both the plant required and the use of it. For this reason the contractor is far better able to equip a work with the right type of plant.

Further, in the course of his business, he has had to purchase plant of various descriptions and he would enter upon the execution of a work with a considerable portion, if not all, of the requirements of the contract already in his possession and available for immediate use on the works. An engineer in charge of such a work, on the departmental system, would have to spend a considerable time in planning out methods of construction and of plant necessary, and, when this has been accomplished, the equipment decided upon would all have to be purchased by ordering from the various makers the special items required—for, with few exemptions, the principal

items of plant would not be found in stock—and many months, twelve or more, might easily be occupied in manufacturing.

Therefore, without touching upon the responsibility attaching to the engineer in expending a quarter of a million on plant, or upon the administrative department whose duty it would be to sanction the purchase, it can easily be seen that there must be considerable delay in commencing upon construction. Then when construction is completed the Government finds itself in possession of a large collection of plant for which no further use can be found. There is no ready market for it. The only likely purchasers are the very contractors who have been supplanted by the department and they are not likely to offer much in excess of scrap value.

On the question of plant therefore the position may be summarised by saying that the Government would have to purchase while the contractor already possesses; that this would involve much loss of time; and that when construction is completed the contractor can transfer the plant to another contract, or at worst stock it temporarily, whereas Government would have to sell at great, perhaps very great, sacrifice.

In regard to the organisation for, and the control of, working operations, the contractor has the advantage of having the necessary skilled personnel available on his staff—in fact he excels in this respect because in the carrying out of important works over many years he has had the opportunities of discovering most of the talent for the conduct of works, and attracting this ability to his service by the very much higher emoluments he is able, and finds it profitable, to offer to men of outstanding merit. In this way the contractor is enabled to obtain the pick of the market. Where a Government pays £2,000 or even £3,000 a year to an engineer in charge of an important work, the contractor's agent receives more than double this amount in fixed salary and share of profits.

The same remarks apply to the subordinate establishment. A contractor is always on the look-out for really first-class foremen or gangers, and in the course of time he gathers around him, and retains in his permanent employ, the very best men in their various lines of work, and, when the contract is obtained these picked men are immediately available to enter upon the work.

An engineer in charge of departmental work of a non-recurring nature has, on the other hand, to collect not only his supervising staff, but also all the subordinate staff—clerks of works, foremen, gangers and leading hands—by advertisement or otherwise, and it is more often the case than otherwise that a number of men so appointed, probably fifty per cent. prove, on trial, to be inefficient or unsuitable. The salary usually offered in Government service is quite inadequate to attract the really skilled men whom the contractor has gathered together, and, even if a higher pay were offered, these men would not be likely to leave permanent employment for temporary service—two, three or four years—in the carrying out of a single important work.

So that in the matter of personnel, on which the whole success depends for the efficient and economical construction of large works, the contractor has as great an advantage over departmental conduct of work as he has in the matter of plant.

Much has been said of the saving, by departmental work, of contractor's profit. It is true that the best contractors *do* make a profit, but the extent of this profit is *always limited* by the competition between themselves in tendering for works. A contractor who aims at high profits is underbid by another who is satisfied with reasonable profit, and frequently by one who is content with quite a small margin of profit in order that he may find employment for a permanent staff who might otherwise be on his hands without sufficient work. The fact is that contractor's profits are mainly made by the skill they exercise in carrying out works, by their organising and administrative ability; and by their methods, born of long experience, of cheapening the out-of-pocket cost of work in the use of labour-saving appliances and other devices.

A contractor's profit when made, and he does not make a profit in every case, is therefore only a fair payment for the skill and ingenuity he brings to bear on the execution of work. And experience shows that where a difficult work is undertaken involving heavy initial expenditure on plant and organisation the contractor's price, including profit, is usually much less than the cost would be for departmental work, while the time required for completion is almost invariably considerably less.

These remarks apply mainly to the carrying out of non-recurring works of some magnitude and therefore are not necessarily applicable to construction work of a continuous nature. For instance, in India where railway construction goes on continuously—the programme being to start upon 1,000 miles of new line each year—the departmental method is exclusively adopted. Such plant as may be required, and the expenditure on plant per million pounds spent on works is incomparably less than on

isolated harbour works, is already in possession and is moved from one work to another as required. The staff, too, both superior and subordinate, is continuously employed on construction, with the result that it is probably fair to claim that no contractor could carry out work more cheaply and his profit is consequently saved.

It is impossible to generalise on methods of construction and the foregoing note is meant to apply only to the particular work in question—the construction of a harbour at Haifa—on which the writer has no hesitation in stating his opinion that the work can be carried out at less cost and in less time by a contractor than by departmental effort.

There are many details which have not been touched upon—the ease with which a contractor can add to his plant from time to time as compared with having to obtain sanction to purchase even a few thousand pounds worth is a notable case—and experience, even recent experience, has shown that the contract system is not only cheapest but it also has the great advantage of indicating the probable total cost before any expenditure is either incurred or committed to.

F. P.

8th January, 1928.

Enclosure 2 in No. 3.

Public Works Department, Jerusalem, 11th January, 1928.

CHIEF SECRETARY,

Subject: Haifa Harbour.

HIS Excellency the High Commissioner, when discussing the advisability of building Haifa harbour departmentally or of giving the construction out to contract, asked me to express my views on the matter in writing.

Though a sum of £P1,000,000 is involved and the work is of considerable magnitude the estimated cost of the harbour is not large when compared with the majority of other harbours of any size. The use, however, of heavy and costly plant is necessary for the economical carrying out of the scheme and the capital value of such plant, even if certain items could be purchased secondhand, would probably total £P150,000. The chief items would be of no use in the country after the harbour is finished and the disposal of them for any figure approaching their value is extremely unlikely.

The outlay of £P150,000 or possibly more on a scheme costing £P1,000,000, which sum is to include preliminary costs, all overhead charges and the construction plant, is a serious consideration and a contracting firm in possession of the required plant would be in a position therefore to carry out the work, other considerations apart, so much cheaper than the Government, that the difference in the cost would give the contractor a fair profit.

There is then the question of the personnel in charge of construction. Firms of such standing as Sir John Jackson Ltd., Sir Robert McAlpine and Sons, Sir Norton Griffiths and Co., have in their employ engineers who have been engaged on harbour works for years, in some cases on almost exactly the same type of construction as contemplated. It is extremely unlikely that Government could obtain the services of one of these engineers to take charge of the construction departmentally, for no permanent position can be offered at a high enough salary to tempt such a man to leave a contractor of standing.

Experienced foremen and " navvy gangers " will be required to take charge of quarrying, etc. Contractors have on their books proved men whereas Government would have to try out all such men and the probability is that only one of every six employed would be thoroughly satisfactory.

For the foregoing reasons I am of the decided opinion that the works would be carried out more cheaply and quickly by a contractor than Government could hope to do by departmental methods.

F. PUDSEY,
Director of Public Works.

C. 57105/28 [No. 8].

No. 4.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 8.]

SIR, Foreign Office, S.W.1. 30th January, 1928.

I AM directed by Secretary Sir Austen Chamberlain to acknowledge the receipt of your letter of the 19th January,* respecting questions which have arisen in connection with the construction of harbour works at Haifa out of funds provided by the recent Palestine loan. He notes that the questions at issue are (1) whether it will be possible for the Palestine Government to accept the tender of a British firm in preference to a more favourable tender of a foreign firm, and (2) whether a condition could be inserted in the contract for the work, binding the contractor to use material of British or Palestinian manufacture.

2. So far as the Secretary of State is aware, the point which now arises has not received consideration except in the course of the Eleventh and Twelfth Sessions of the Permanent Mandates Commission, to which reference is made in paragraph 4 of your letter. Those discussions, however, turned rather upon a kindred question relating to Tanganyika, and in view of the fact that Article 7 of the Tanganyika Mandate contains a special provision with regard to public works, while no similar provision appears in Article 18 of the Palestine Mandate, it seems difficult to draw any conclusion from the observations made by the members of the Commission on that occasion.

3. The provisions of Article 18 of the Palestine Mandate render it difficult, on their plain construction, to argue that either of the proposals to which Mr. Secretary Amery refers could, strictly speaking, be legally justified. The matter is, however, of some complexity, and it might be argued that the provisions of Article 18 are to some extent affected by the conditional liability accepted by this country in guaranteeing the recently issued loan. It is, for instance, conceivable that circumstances might arise in which Palestine might be unable to find the funds for the service of the loan, and that Parliament would be called upon to vote the sums required for the completion of the harbour works. In such conditions His Majesty's Government, on whom the full liability for the expense would fall, would clearly be at liberty to place the order where they wished, and it is possible that a similar line of argument would, to some extent, be applicable in view of the contingent liability already existing.

4. In view, however, of the importance of the principle which will be established as a result of the decision taken in this case, Sir Austen Chamberlain would suggest the advisability of obtaining the opinion of the Law Officers of the Crown on the questions raised in your letter, and I am to express the hope that, if Mr. Amery agrees with this view, he will cause the necessary reference to the Law Officers to be made.

5. In the meantime investigations are being made in this department with a view to tracing any precedents which may exist showing the course followed in such matters by other powers administering mandated areas. You will be informed in due course whether it is possible to supply information on any cases bearing on the points at issue.

I am, &c.,
LANCELOT OLIPHANT.

C. 57105/28 [No. 9].

No. 5.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 8.]

SIR, Foreign Office, S.W.1, 8th February, 1928.

WITH reference to the last paragraph of Foreign Office letter of the 30th January,† relative to the harbour works to be constructed at Haifa, I am directed by Secretary Sir Austen Chamberlain to request you to inform Mr. Secretary Amery that it has not been found possible to trace, in any available reports on the practice of other governments with regard to the construction of public works in mandated areas, any cases bearing exactly upon the points raised in your letter of 19th January.*

* No. 1. † No 4

2. As Mr. Amery is no doubt aware, work has been proceeding in the French Cameroons for the improvement of the Port at Duala and the extension of the railway to Yaoundé, and a French law of 30th April, 1924, authorized the French Commissioner in the Cameroons to contract a loan, guaranteed by the French Government, of twenty-five million francs for this purpose. The works in question have, however, been financed from local surpluses. The annual reports on the administration of the French Cameroons for 1924, 1925 and 1926 contain references to tenders, but there is nothing to show the conditions imposed, though, in the reply to the annual *questionnaire* of the League of Nations for 1924 it is stated that tenders from nationals of States Members of the League of Nations would be considered if received. In any case, as Article 6 of the Mandate leaves the mandatory free to organise essential public works and services on such terms and conditions as he thinks just, there is no exact parallel with the situation in Palestine.

3. A case which appears to be more analogous is that of the proposed Tripoli-Beyrout Railway (see Foreign Office letters of 26th January* and of 7th February†). This project is still in the preliminary stages, but from confidential information it seems possible that the French Government may guarantee part of the estimated cost, while there is at present no indication that the authorities in Syria contemplate giving an opportunity to foreign contractors to compete for the work. The matter is, however, not yet sufficiently advanced for any definite inference, applicable to the Haifa works, to be drawn.

I am, &c.,
MONTEAGLE.

C. 57105/28 [No. 14].

No. 6.

MEMORANDUM BY SIR HENRY LAMBERT, DATED 2ND MARCH, 1928.

IT seems doubtful whether it would be possible to employ McAlpine as strictly speaking an Agent of the Government. The Takoradi precedent cannot in any case I think be followed exactly. In that case Stewart and McDonnell were "Consulting and Constructional Engineers," that is to say they occupied in addition to their position as builders of the harbour the position which Messrs. Rendel, Palmer and Tritton are to occupy as Consulting Engineers at Haifa. The result as we know both as regards time and money was very unsatisfactory to the Colony, and whatever is done with Haifa it would be highly imprudent to embark on building the harbour without the guidance of the Consulting Engineers.

It would however be possible to employ McAlpine on a cost and percentage basis subject to the supervision of the Consulting Engineers. This method would we think still be cheaper than departmental construction for it would secure the advantage of the firm's special knowledge and skill and the use of their plant. (We are not prepared to contest Mr. Palmer's estimate of £250,000 for plant for departmental construction.) But it sacrifices of course the main advantage of the contract system namely the competition produced by a call for tenders. A call for tenders is in fact the only system which gives you any certain knowledge of prices. Without it the Consulting Engineers could not really be sure that the agreed prices were not allowing an undue profit, for you may be sure that the firm would insist on a fair price for the worst part of the work and how much they were going to make on the rest we should never be able to ascertain. Similarly they would certainly insist on revising unfavourable rates if they were losing money, and they would urge that the rates had been forced upon them. The Consulting Engineers if they wished to set against such a claim parts of the work where profits had been made would find it in practice very hard to disentangle these. All therefore that the Consulting Engineers could do in making the contract would be to fix their rates too low and allow themselves to be forced up as little as possible. Further the firm working on a cost and percentage basis would have of course less incentive to work cheaply and rapidly. McAlpine, for instance, if he gets the tender by open competition will, you may be sure, bring no plant from Takoradi that is not really necessary to him. On a cost and percentage basis it may be more profitable to move more plant to Haifa and use it a little getting a percentage on the cost and saving storage. Unless this is done on an extravagant scale it would be difficult to check.

* C. 59050/28 [No. 1]: not printed. † C. 59050/28 [No. 2]: not printed.

It might be possible to follow the Uasin Gishu precedent under which the contractors were entitled to a bonus if the cost was less than the estimate or the agreed date of completion expedited or alternatively were penalised if the cost exceeded the the estimate or the work was not completed to time. This however is a very complicated system. It might be possible, but it would depend on the figures whether McAlpine would be willing to accept such terms.

But apart from these difficulties the plan would still leave us exposed to trouble both from the other contractors at home (*e.g.* Pearsons) who would quite certainly complain that they had not been given a fair chance, and from contractors abroad, who if they mean to get their Governments to make trouble (an Italian and a Dutch firm have already done work on this scheme) would not be deterred by the somewhat flimsy pretext of an " agency."

If we come to open tender I know that it is Mr. Palmer's opinion that an Egyptian firm is most likely to get the job, and an Italian firm has probably the next best chance. I do not suppose that the position of His Majesty's Government would in this case be enviable, and frankly I cannot myself see any satisfactory solution except for us to call for tenders from select British firms in our ordinary way. We could I think find over half a dozen suitable firms. This is the only way to avoid the charge of favouritism at home, and if complaints are made by foreigners, the answer that in this case we are incurring expenditure for which Parliament here is, owing to the special circumstances of the guarantee, ultimately responsible seems reasonable and adequate.

I have seen Mr. Palmer and find that he hopes to be in the position of submitting his plan and estimates by the 1st June. They are being somewhat delayed by the difficultv in getting borings due to the rough weather at this time of year. If it is decided to issue tenders we ought in this case to be able to start work some time in the autumn. He will put in a report shortlv giving dates, which we will send on. Meanwhile I think that you may take the 1st June as the latest date by which all preliminary questions of policy should be settled.

H. L.

2nd March, 1928.

C. 57105/28 [No. 16].

No. 7.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 11.]

SIR, 4, Millbank, Westminster, London, S.W.1, 7th March, 1928.

I HAVE the honour to enclose, for the information of the Secretary of State a copy of a letter dated 5th March which we have received from Messrs. Rendel, Palmer and Tritton, showing the progress which has been made with regard to the survey of the site of the proposed harbour at Haifa.

2. It will be observed that the work of sinking borings has been delayed by rough weather while a good deal of time has also been occupied in investigating suitable quarry sites. The Consulting Engineers hope, however, to have ready by June next sufficient data to enable contractors to visit the site, and all information should be available to permit a contract being placed in September, in which event construction should be in full progress before the end of this year

I have, &c.,

F. G. BRADSTREET

(for Crown Agents).

Enclosure in No. 7

MESSRS. RENDEL, PALMER AND TRITTON TO THE CROWN AGENTS.

12-14, Dartmouth Street, Westminster,

GENTLEMEN, London, S.W.1, 5th March, 1928.

Haifa Harbour.

WE beg to inform you, in the following statement, of the present position of the survey of this harbour, upon which will be based the drawings, specification, &c. necessary for carrying out the works.

2. Two Engineers were sent to Haifa on the 6th October last, and, with Assistants and Surveyors recruited locally, the whole area likely to be included in con-

struction operations, whether permanently or temporarily, has been carefully surveyed, both on land and on that section of the Bay of Acre which forms the site of the harbour and its approaches. This work is practically completed.

3. A large number of borings are being made, in order to determine the best alignment of the quays and breakwaters, as the position of these works is necessarily governed by the depths at which rock is found below the sea bed. Nearly the whole of these borings are being, and have to be, taken from floating craft, and, owing to rough weather, the work has been much delayed. Under normal weather conditions, this work will probably be finished in May.

4. In any case, there will be sufficient information then available to allow of the preparation of drawings (which will only be subject to alteration in detail by later boring results) and, also, to allow of a schedule of quantites being drawn up. The final drawings, schedule of quantities and specification will be ready by August, so that the works can be commenced in the autumn of this year.

5. Besides the borings, there has been another difficulty, and that is the finding of a suitable site at which to establish a quarry for the stone required in the construction of the breakwaters. As this part of the harbour works represents probably three-fourths of the total expenditure, it is of the utmost importance to select a site at which stone of suitable size can be obtained at the lowest cost. The limestone of which Mount Carmel is mainly composed is unfortunately so broken up that only small sizes can be quarried, and this has necessitated searching in all directions within reasonable distance of Haifa, in order to find the best quality. The Engineers have closely investigated the whole country within twenty miles of the harbour site, extending from Tantura to the north and along the northern and western faces of Mount Carmel. In this search we have received the greatest assistance from Mr. Blake, the Government Geologist, and from Mr. Pudsey, Director of Public Works, and his District Engineer at Haifa, Mr. Noble, and we desire to acknowledge the valuable co-operation of these gentlemen.

6. Trial excavations have been made at many places to ascertain the suitability of the stone and the approximate cost of obtaining it. This question is of so much importance that we decided to send Mr. Buckton, our Chief Assistant, out to assist in the investigation, and he explored most of the possible sites during his visit which extended from 17th November to 17th December. A little later, Mr. Palmer visited Palestine for the same purpose, and, as a result of these investigations, two places have been provisionally selected, one a ridge of rather porous sandstone alongside the Palestine Railway at Athlit Station, 12 miles from Haifa, and the other a high bluff of limestone in the hills about two miles south of Athlit, and about one-and-a-half miles distant from the Railway. At the first named, the stone is obtainable in suitable size and quantity, but is so porous that its weight is only about 130lbs. per cubic foot, while, at the other, the limestone weighs 160lbs. per cubic foot and can be quarried of any size required (one block displaced by blasting being about 70 tons in weight), and the quantity available is far in excess of requirements.

7. It is highly probable that this last-named site will be the final choice, but it is not proposed to come to a decision until the comparative cost of quarrying and transport has been more closely ascertained. It is, however, now quite clear that suitable stone can be procured in ample quantity, and, in this connection, it may be mentioned that the finding of these quarries, after months of search by Mr. Blake and the Engineers, has removed the necessity, feared in the early stages, of having to provide, at much greater expense, concrete blocks for the protection of the seaward face of the breakwaters which is exposed to heavy wave action.

8. During Mr. Palmer's visit, he had the opportunity, on 5th and 6th January, of discussing the proposals for the work with His Excellency the High Commissioner. The methods of carrying out the works were very fully gone into. As the result of this discussion, the question of departmental construction was considered to be inadvisable on the grounds already described in our letter to you of 1st November, 1927. The difficulty of obtaining the most suitable staff and plant, the consequent possibility of greater cost, and the probability, almost amounting to a certainty, of longer time being required for the construction, convinced Lord Plumer that the best method of carrying out the work, both in regard to cost and time, would be by contract.

9. If this system is finally decided upon, we suggest that the following procedure be adopted. By June, we shall have ready sufficient data to enable contractors to visit the site and obtain all the local information required for the preparation of tenders. The quarry sites and the trial excavations made can be inspected, and the cost ascertained of quarrying and transport. During the two months which may be taken up by these investigations, the final plans, specification, schedule of quantities, and conditions

of contract will be finished, and, thereafter, the preparation and submission of tenders will only require a couple of weeks. It will then be possible to place the contract in September, and construction would be in full progress before the end of this year.

10. The question of transport of stone from the quarries has been very fully discussed with Colonel Holmes, the Manager of the Palestine Railways, and the rates at which this, and other, material will be carried over the Railways have been tentatively agreed upon. The Railway Administration has available a certain quantity of surplus rolling stock and permanent way material, and, by June, we shall be in a position to inform contractors of the terms on which these can be hired or sold for the purpose of the new works. The use of this plant will save the contractors certain transport expense and should result in somewhat lower tenders than would otherwise be possible. We are indebted to Colonel Holmes and his staff for their co-operation in this, and many other respects.

We are, &c.,
RENDEL, PALMER AND TRITTON.

C. 57105/28 [No. 15].

No. 8.

COLONIAL OFFICE to FOREIGN OFFICE.

[*Answered by No.* 9.]

SIR, Downing Street, 14th March, 1928.

I AM directed by Mr. Secretary Amery to refer to your letters of the 30th of January* and the 8th of February† regarding the method to be employed in the construction of the proposed harbour works at Haifa, the cost of which will be defrayed from funds provided by a loan issued under a guarantee given by His Majesty's Government.

2. I am to enclose, for the information of Secretary Sir Austen Chamberlain, copies of two prints‡ containing cases in which, on Mr. Amery's directions, the opinion of the Law Officers of the Crown was invited in March, 1926, on the question whether it would be consistent with the terms of the mandates for Palestine and Tanganyika Territory that there should be attached to the British guarantee of loans raised by the Governments of these territories formal conditions (*a*) that any contracts for works of development to be paid for out of the loans should be given to British and not to foreign firms, and (*b*) that all non-local expenditure should be in the United Kingdom. It will be seen that the Law Officers reported that in their opinion Article 18 of the mandate for Palestine does not prevent the attachment of such conditions to the guarantee by His Majesty's Government of the Palestine loan.

3 The points put to the Law Officers in 1926 are not precisely the same as those which formed the subject of the letter from this Department of the 19th of January last§; since no formal conditions of the nature in question were in fact attached to the guarantee of the Palestine loan; but, having regard to the opinion expressed by the Law Officers, the Secretary of State has decided that, subject to any observations that Sir Austen Chamberlain may have to offer, the harbour at Haifa shall be constructed by contract, that tenders for the construction of these works shall be invited from select British firms only and that the tenders shall provide that the contractor shall use British or Palestinian materials as far as possible.

4. The Secretary of State would be glad to be informed at an early date whether Sir Austen Chamberlain wishes to offer any further observations on this matter.

I am, &c.,
J. E. SHUCKBURGH.

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* No. 4. † No. 5. ‡ Nos.. 47 and 48, Volume VIII, in Law Officers' Opinions Series. § No. 1.

C 57105/28 [No. 19].

No. 9.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 10.]

SIR, Foreign Office, S.W.1, 29th March, 1928.

I AM directed by Secretary Sir Austen Chamberlain to acknowledge the receipt of your letter of 14th March,* relative to the method to be employed in obtaining tenders for the construction of the proposed harbour works at Haifa.

2. In reply, I am to request you to inform Mr. Secretary Amery that the Secretary of State shares the view expressed in paragraph 3 of your letter, that the points put to the Law Officers of the Crown in March, 1926, are not precisely the same as those which formed the subject of your letter of 19th January last.† It seems to him, indeed, that the difference between these questions is vital.

3. In Sir Austen Chamberlain's view, the problem with which His Majesty's Government are now confronted becomes clearer if it be borne in mind that Great Britain is concerned in this question in two different capacities. As Mandatory for Palestine, she is bound to do her best for the interests of that territory; as a manufacturing and exporting country, she is entitled to do her best for the trade of her own nationals. She is under no obligation, merely because she has accepted the burden of the mandate for Palestine, to guarantee Palestinian loans. If, therefore, she had exercised her right to attach to her guarantee of the recent Palestine loan, the condition that contracts for expenditure incurred out of the loan should be given to British and not to foreign firms, she would have been acting in the interests of her own nationals' trade, and not as Mandatory for Palestine; but having attached no such condition to her guarantee, she can only act now in this matter in her capacity of Mandatory, and as Mandatory she is debarred from securing for her own citizens alone, to the exclusion of the nationals of other States Members of the League of Nations, certain specified economic advantages.

4. In these circumstances, Sir Austen Chamberlain is advised that the opinion of the Law Officers is desirable on the question whether the particular economic advantages, regarding which no discrimination is allowed by the terms of the Palestine mandate. do or do not include concessions for the construction of harbour works and the purchase outside Palestine of the materials necessary for such works. The advice which has up till now been obtained from the Law Officers bears only upon a different point—namely that Great Britain, as Mandatory for Palestine, is not obliged by the terms of the mandate to prevent the Palestine Government from raising a loan on easy terms by accepting a guarantee for the loan, coupled with the condition that the economic advantages flowing from the expenditure of the money shall be spent in the country of the guarantor, even if that guarantor be the Mandatory State itself. The question on which, in Sir Austen Chamberlain's opinion, the advice of the Law Officers should now be sought, is a new one, viz., whether the words in article 18 of the Palestine mandate which forbid discrimination "*in matters concerning taxation, commerce, or navigation and the exercise of industries or professions* . . . . . " debar Palestine from granting to British nationals a preference in the construction of harbour works, and in the furnishing of supplies therefor; and he will be grateful if Mr. Amery will cause the Law Officers to be approached accordingly.

5. Mr. Amery will no doubt share Sir Austen Chamberlain's view that it is important, in dealing with this question, to bear in mind the circumstance that the Palestine mandate contains a clause (article 26) giving compulsory jurisdiction to the Permanent Court of International Justice at The Hague in the event of dispute in regard to the interpretation or application of the terms of the mandate. The possibility of such a dispute arising in the present case cannot be overlooked, and the Secretary of State therefore considers it all the more desirable that the opinion of the Law Officers should be taken on the point mentioned above, before a decision is reached in regard to inviting tenders for the harbour works at Haifa.

I am, &c ,
MONTEAGLE.

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* No. 8. † No. 1.

C 57105/28 [No. 26].

No. 10.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR, Downing Street, 9th June, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 29th of March,* relative to the method to be employed in the construction of the proposed harbour works at Haifa.

2. In accordance with the suggestion made in that letter, Mr. Amery has obtained the opinion of the Law Officers on questions arising in this connection, and I am to enclose, for the information of Secretary Sir Austen Chamberlain, copies of a letter† inviting the opinion of the Law Officers on these questions and of their reply.†

3. Having regard to the terms of the opinion of the Law Officers, Mr. Amery has decided that the harbour works at Haifa shall be constructed by contract, that tenders for the construction of the works shall be invited from select British firms only and that in the invitation to tender it shall be stipulated that, whenever the use of Palestinian or British materials is, from the point of view of quality, price, convenience, or for any other reason, advantageous to and in the interests of the mandated territory, such materials shall be used. Firms submitting tenders will be required to state to what extent they regard the use of Palestinian or British materials as advantageous to and in the interests of the mandated territory and therefore obligatory upon them.

4. The Crown Agents for the Colonies have been instructed to prepare a draft invitation to tender for the works on the lines set out above.

I am, &c.,
A. J. HARDING.

C. 57105/28 [No. 27].

No. 11.

COLONIAL OFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 13.]

GENTLEMEN, Downing Street, 9th June, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 7th of March‡ and previous correspondence regarding the construction of the proposed harbour works at Haifa.

2. As you are aware, it was some time ago decided, with the concurrence of the High Commissioner for Palestine, that these works should be constructed departmentally. In a despatch of the 12th of January last,§ of which a copy is enclosed, Lord Plumer represented that the question of the method of construction should be re-opened. The question has been reconsidered as desired by Lord Plumer and the Secretary of State has now decided that the harbour shall be constructed by contract, that tenders for the construction of the works shall be invited from select British firms only and that in the invitation to tender it shall be stipulated that, whenever the use of Palestinian or British materials is, from the point of view of quality, price, convenience or for any other reasons, advantageous to and in the interests of the mandated territory, such materials shall be used. Firms submitting tenders will be required to state to what extent they regard the use of Palestinian or British materials as advantageous to and in the interests of the mandated territory and therefore obligatory on them.

3. I am to request you to prepare, and to submit to the Secretary of State, for his consideration, the draft of an invitation to tender framed on the lines indicated above, and to suggest a list of British firms to which this invitation might suitably be sent In drawing up the draft you should also bear in mind Section 1 (4) of the Palestine and East Africa Loans Act, 1926. A copy of the Act‖ is enclosed.

4. As the questions involved in this matter are likely to be of considerable political importance, I am to request that you will keep in close touch with the Colonial Office throughout.

I am, &c.,
A. J. HARDING.

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* No. 9. † No. 55 in Volume VIII of the Law Officers' Opinions Series. ‡ No. 7.
§ No. 3. ‖ Not printed here.

C. 57105/28 [No. 28].

No. 12.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential.)

MY LORD, Downing Street, 12th June, 1928.

I HAVE the honour to refer to my Confidential despatch of the 21st of March* and to the previous correspondence on the question of the construction of the proposed harbour works at Haifa.

2. In this connection I have had under consideration your despatch Confidential B of the 12th of January,† suggesting that I should review the previous decision that the works should be constructed departmentally. As you will have gathered from my despatch No. 65 of the 19th of January,‡ which crossed your despatch mentioned above, I had already come to the conclusion that the method of departmental construction might give rise to serious difficulties. After consideration of your despatch I therefore decided that the harbour should be constructed by contract, provided that, without infringing Article 18 of the Palestine Mandate, steps should be taken to ensure that Palestinian or British materials should be used in the construction of the works unless the use of other materials was advantageous to and in the interests of Palestine. I am confident that you will agree with me that it is reasonable that, so far as is possible, money raised by your Government in this country under a guarantee by His Majesty's Government should be spent on the purchase of Palestinian and British rather than foreign materials and that, as a means to this end, the construction of the works should be entrusted to a reputable British firm.

3. The opinion of the Law Officers of the Crown has been obtained on certain questions arising in this connection and I enclose for your information a copy of a letter§ which was addressed to them by my direction. They have now replied that they have difficulty in answering the questions submitted to them without some qualification since discrimination within the meaning of Article 18 of the Mandate for Palestine must be a question of fact depending upon precise circumstances. If it is decided to be in the interests of the mandated territory that an offer by a British firm to enter into a contract upon any particular terms should be accepted, the Law Officers see no reason for requiring that tenders should be invited from firms of other nationality. Similarly, if after the issue of a world-wide invitation to tender, it is thought desirable, in the interests of the mandated territory, to accept a suitable British tender though not necessarily the lowest suitable tender the Law Officers are of the opinion that there is nothing in Article 18 of the Palestine Mandate to compel the acceptance of any other tender. They are also of the opinion that the mere circumstance that tenders were invited only from firms which were in fact British would not offend against Article 18; but a general invitation to tender, subject to a restriction that only tenders from British firms would be considered, would, in their opinion, be on the other side of the line. The Law Officers have further stated that, in their opinion, it would be a discrimination within the meaning of Article 18 to make it a term of the contract, without regard to the efficient execution of the proposed work, that the contractor should use British or Palestinian materials as far as possible.

4. Having regard to the terms of the opinion of the Law Officers, I have decided that the harbour at Haifa shall be constructed by contract, that tenders for the construction of the works shall be invited from select British firms only and that in the invitation to tender it shall be stipulated that, whenever the use of Palestinian or British materials is, from the point of view of quality, price, convenience, or for any other reason, advantageous to and in the interests of the mandated territory, such materials shall be used. Firms submitting tenders will be required to state to what extent they regard the use of such materials as advantageous to and in the interests of the mandated territory and therefore obligatory on them. I enclose a copy of a letter‖ in which the Crown Agents have been authorised to prepare a draft invitation to tender on these lines and to suggest a list of British firms to which this invitation might suitably be sent.

I have, &c.,
L. S. AMERY.

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* C. 57105/28 [No. 18]: not printed. † No. 3. ‡ No. 2.
§ No. 55 of Volume VIII of the Law Officers' Opinions Series. ‖ No 11.

C. 57105/28 [No. 36].

No. 13.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 14.]

SIR, 4, Millbank, Westminster, London, S.W.1, 13th July, 1928.

I HAVE the honour to acknowledge the receipt of your letter of the 9th June,* informing us that the Secretary of State has now decided that the harbour at Haifa is to be constructed by contract and instructing us to prepare the draft of an invitation to tender framed on the lines indicated in your letter for the consideration of the Secretary of State.

2. We transmitted a copy of your letter to the Consulting Engineers, Messrs. Rendel, Palmer, and Tritton and we now submit a copy of their reply with its enclosures. It will be noticed that in enclosure E, paragraph 20, the Consulting Engineers have stipulated that the whole of the material must be of Palestinian or British origin unless otherwise specified and we think this should substantially cover the conditions specified in paragraph 2 of your letter under reply. We fear that to include the stipulations in the full form suggested in your letter might produce confusion in the minds of contractors who are not accustomed to being asked to comply with such requirements.

3. It will also be noticed in paragraph 16 from the same enclosure that the Consulting Engineers have quoted the Section of the Palestine and East African Loans Act which sets out the fair conditions of labour.

I have, &c.,
J. F. CARMICHAEL.

Enclosure in No. 13.

MESSRS. RENDEL, PALMER AND TRITTON TO THE CROWN AGENTS.

GENTLEMEN, 12-15, Dartmouth Street, S.W.1, 11th July, 1928.

Haifa Harbour.

Invitations to Visit Site.

In our letter to you dated 5th March† we stated that if it were decided to do the work by contract there would be sufficient data by June to enable contractors to visit the site preparatory to tendering.

On the 12th June we received your letter informing us that the work was to be done by contract and asking us to prepare for the consideration of the Secretary of State a draft of an invitation to tender, together with a list of suitable British contracting firms.

We beg to submit herewith in triplicate drafts of the following documents :—

Not for issue.

A.—General memorandum on harbour layout.
B.—List of suitable British contracting firms.

For issue to selected firms.

C.—Letter inviting firms to send representatives to inspect the site.
D.—General description of Works and Site.
E.—Certain General Conditions to be embodied in the Contract.
F.—Preliminary Schedule of Estimated Quantities.
G.—Particulars of Quarry.
H.—Reports on :—1. Concrete materials.
2. Borings.
3. Climate and State of Sea.
I.—Twenty-one drawings‡ :—

Not for issue.

Haifa—Railway Jetty.

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* No. 11. † Enclosure in No. 7. ‡ Not reproduced.

For issue to selected firms.

5071. Palestine—General Map of Haifa District. Haifa Town.
5111. Haifa—Climate and state of sea.

Proposed Harbour. P. 1.—Site Plan.
P. 2.—General Plan : East.
P. 3.— ,, ,, West.
P. 4.—Breakwaters.
P. 5.—Wharf Walls and Rubble Dykes.
P. 6.—Key Plan of Boreholes.
P.7 to P.11.—Boreholes.
P.12.—Athlit.
P.13.—Wady Mughara.
P.14.—Athlit—Wady Mughara.
P.15.— ,, ,, ,, Sections.
P.16.— ,, ,, ,, ,,
P.17.—Haifa Harbour—Palestine Railways.

The cost of the works will largely depend upon the cost of plant to the contractors and the keenness in tendering.

The first stage scheme as shown on Plan No. P.2, is estimated to cost £1,250,000 based on what we consider are fairly keen competitive rates assumed to come from contractors possessing or able to acquire, at reasonable cost, suitable plant for carrying out the works.

In our report of July, 1923, we gave the approximate estimated cost as within one million pounds. Since then the site has been surveyed and many bores sunk which show the existence of submerged rock well out from the shore. This has necessitated siting the harbour further from the existing shoreline, thereby increasing the cost of the breakwaters.

In preparing the layout, consideration has been given to possible future demand for special accommodation, such as an enclosed oil dock, export of phosphates and a tourist landing jetty.

The present scheme, however, is limited to the shell of the harbour formed by main and lee breakwaters and to a recommended minimum of internal development consisting of deep-water berthage about 1,100 feet along to accommodate two or three ocean-going steamers, a lighter wharf approximately 950 feet long, transit sheds, five sets of fore-and-aft moorings, and certain quay equipment.

Against our estimate of £1,250,000 may be offset the value of the reclaimed area for commercial and industrial building sites. New land is being made available precisely where it is most needed, *i.e.*, near the congested area of the Old City and the modern business quarter, and there should be no difficulty in disposing of it remuneratively.

These sites, when developed by construction of roads, laying of sewers, mains, &c., have been estimated to sell for about £300,000 against which must be charged £50,000 for cost of development, giving a net yield of about £250,000. These figures are based on site values obtained from the Municipal Engineer of Haifa, and although probably optimistic, they do indicate an appreciable asset.

In regard to labour, as laid down in the Colonial Office letter of the 9th June,* we have stipulated that fair conditions of labour must be observed, as required by Section 1 (4) of the Palestine and East Africa Loans Act, 1926. We have taken this to mean the insertion of a " fair wages " clause in the conditions and that no restriction on the source of labour is intended. (See document E, clause No. 16.)

Regarding the question of materials, it would in our opinion unduly complicate the award of the contract if tenderers were invited to state to what extent they would regard it as obligatory on them in the interests of Palestine to employ materials of Palestinian or British origin. We have therefore stipulated that they are to be wholly of Palestinian or British origin, unless otherwise specified. (See document E, Clause 20.)

This, however, requires checking, as the Colonial Office letter appears to preclude the adoption of the usual stipulation giving preference to materials of British origin. If this interpretation were correct, the effect intended would be best attained by leaving the contractors at liberty to draw materials from any source, irrespective of nationality. Contractors would then naturally arrange in their own interest to buy materials, such as cement, steel, and timber, in the cheapest market, pricing their tenders accordingly

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* No. 11.

and thus indirectly giving the benefit of lower cost to the Government of the mandated territory.

Quarried stone forms the bulk of the materials in the permanent works and this in any case will be specified to be Palestinian. Structural steel, rails, and sleepers will have to be imported and if bought in the cheapest market will probably come from the Continent. The total values of orders for these materials, however, will probably not exceed £20,000.

Cement valued at about £20,000 will be required and we feel that this should be supplied by the splendidly equipped cement works now in operation at Haifa. If the local Company fail to obtain the order for cement by open tender to the contractor we could, before allowing the contractor to place an order elsewhere, submit a proposal to pay to the contractor the extra cost of Palestinian cement on condition that he placed his orders with the local Company.

We wish to draw your special attention to document E (General Conditions), apart from the clauses already mentioned. Clause 2 states that the contractor will be exempt from Customs duties. Also that he is free to do his own lighterage or make whatever arrangements he likes.

It will be noted that no mention is made as to origin of construction plant. This leaves the contractor free to use or acquire plant of any origin.

The foregoing outlines briefly and the enclosures set out in fuller detail the scheme of harbour construction which we have developed. If the scheme and procedure suggested receive your general approval, the invitations can be issued forthwith. Contractors will then be able to send out representatives, while we carry forward to completion the final contract drawings and documents. During this process it will be possible to incorporate any minor changes that may be found desirable on closer review and according to the results of the survey and boring operations now nearing an end. The interval will also give time to clear up any uncertainties.

Thus, unless any delay should be occasioned by questions arising out of the Colonial Office letter, the preliminary invitations can be issued now, the definite invitations early in September, for tenders to be submitted before the end of September and commencement of work ordered, according to the time-table set out in our earlier letter.

We therefore propose, if favoured with your concurrence, to proceed immediately with the preparation of the necessary copies of the preliminary plans and documents, to accompany invitations to be issued, in your name, to such firms as you may approve.

We are, &c.,
RENDEL, PALMER AND TRITTON.

Sub-enclosure A.

HAIFA HARBOUR.

GENERAL MEMORANDUM ON HARBOUR LAYOUT.

Scheme based on Mr. Palmer's Report, 1923.

The original scheme for a harbour at Haifa recommended by Mr. Palmer in his report of 1923 comprised a main breakwater, continuing the northern line of shore near the point of Ras-el-Kerum and running in a south-easterly direction parallel to the town front, and a lee breakwater formed by prolonging the existing railway jetty. An area, equal to about half the space thus enclosed, was to be dredged to a depth of 30 feet, and the material thereby obtained was to be used to reclaim a "Free Zone," as then required by the Treaty by Sèvres, and a strip of land approximately 200 feet in width along the town waterfront. A ship's berth some 750 feet long and about 1,000 feet of lighter berth with the necessary transit sheds, railways, &c., completed a layout which was considered sufficient for the probable trade of the immediate future and at the same time allowing of easy expansion to meet possible future requirements.

Circumstances Leading to the Adoption of the Present Scheme.

In the autumn of 1927 a party was despatched to Haifa to undertake a full survey of the locality with a view to the preparation of plans for the construction of the foregoing scheme.

A large number of borings was taken by them between the railway jetty and the Roman Mole. These showed that, instead of the few patches formerly anticipated, the rock was to be found throughout the whole of the inshore portion of the area, dipping generally seawards and extending at points as far as 1,000 feet from the shore before reaching a depth of 35 feet.

In order to reduce the quantity of rock dredging to a minimum, it was considered advisable, the need for a "Free Zone" having in the meantime disappeared, to make the 35-foot rock contour the general limit of reclamation for both present and future schemes. The wharf line, as shown on the accompanying drawings,* has therefore been arranged to fit this contour as closely as possible, except for a small portion at the eastern end, near the lee breakwater, where the line has been carried further out to provide additional space for the bulk storage of goods.

At the western end of the quay, the line of reclamation turns shorewards in general conformity with the 35-foot rock level, which it follows for about 1,000 feet, thereafter continuing in a straight line to the land. In any future development the wharf could be continued along the present line of 30-foot dredging, which roughly follows the 35-foot rock contour.

This change in the layout of the reclaimed area has necessitated a re-arrangement of the breakwaters in order to maintain an adequate width of harbour. The root of the main breakwater has been brought further into the bay, and its alignment turned in a more easterly direction. The lee breakwater has also been changed from its original form, so that it may be used at a future date as the outer arm of a dock for oil tankers. A further modification, also affecting the final layout, has been the dredging of an area to the depth of 35 feet (11.2 metres on plan) to provide accommodation for passenger liners engaged in the tourist traffic.

Present Scheme.

The present scheme, therefore, as shown on Drawing P.2,* now provides the following facilities:—

(*a*) 1,100 feet of main wharf on reclaimed land with a depth of 30 feet, and 950 feet of lighter wharf with a depth of water varying from 30 feet to 16 feet, full railway facilities, transit sheds, and quayside cranes.

(*b*) A general anchorage in 30 feet of water, with moorings for four ocean-going steamers inside the arm of the lee breakwater in close proximity to the lighter wharf. (In the event of this area being required for an oil dock, there is more than ample room for the same number of moorings in the western portion of the general anchorage.)

(*c*) A dumping ground of some 10 acres, just west of the lee breakwater, from which the bulk handling from ship to shore or *vice versa* of such materials as coal or phosphate can be readily undertaken.

(*d*) A mooring berth for a passenger liner in close proximity to 1,000 feet of potential quay space, easily convertible into a passenger landing stage with full railway facilities if required.

(*e*) An area of 55 acres of reclaimed land extending from the present German Jetty to the railway jetty, available for commercial and industrial development.

Sub-enclosure B.

HAIFA HARBOUR.

List of firms to be Invited to Tender.

Charles Brand and Son.
The Foundation Company, Limited.
Norton Griffiths and Company, Limited.
Sir John Jackson, Limited.
Sir Robert McAlpine and Sons.
William Muirhead, Macdonald, Wilson and Company, Limited.
Edmund Nuttall, Sons, and Company.
Pauling and Company, Limited.
Walter Scott and Middleton, Limited.
Topham, Jones and Railton, Limited.

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* Not reproduced.

Firms Desirous of Tendering.

Sir Ernest Moir - - - - - - -	Has expressed a wish to tender, but it is understood he would represent a new firm and not S. Pearson and Sons, Limited.
Sir Lindsay Parkinson and Company, Limited.	—This firm was invited by the Admiralty to tender for the Singapore Naval Base. Their letters* asking to tender for Haifa are submitted.

Sub-enclosure C.

HAIFA HARBOUR.

Draft Letter Inviting Firms to Tender.

GENTLEMEN,

Haifa Harbour.

The Crown Agents for the Colonies have been asked by the Colonial Office, on behalf of the Government of Palestine, to invite tenders for the construction of a harbour, with main and lee breakwaters and subsidiary works, at Haifa, in Palestine, the work to be carried out in accordance with the designs and under the supervision of Messrs. Rendel, Palmer and Tritton, Consulting Engineers, of 12/15, Dartmouth Street, Westminster.

It is desired that the contract should be entered into with the least possible delay consistent with satisfactory arrangements, and as the contract drawings will not be completed for some time, it has been decided to furnish at once, to the firms intended to be invited to submit tenders, preliminary drawings showing the general outline of the scheme and giving as much information as is available at present, and a Summary of the General Conditions and Specification which will form part of the Contract Documents, together with a tentative description of the intended works and a preliminary Schedule of Estimated Quantities of major items so far as at present foreseen.

These documents are sent you herewith, as per list attached, and if, from the particulars supplied, the contract seems to you to be one for which you would like to submit a tender, you have thus an opportunity afforded you to send, if you so desire, a representative to Haifa to study the local conditions and obtain data on the spot with a view to estimating the cost of the work probably required and the means of carrying it out.

Your representative could be back in London in time to make use of his information in the preparation of your tender, which will be asked for on the final drawings and schedule of quantities, and for which invitations are expected to be issued early in September.

If you decide upon sending out a representative, we shall be pleased to be advised of the fact.

If the proposed contract is not one for which you are prepared to submit a tender, please return to us, as soon as possible, the documents sent herewith.

Yours faithfully,

for the Crown Agents.

PARTICULARS TO ACCOMPANY LETTER OF INVITATION.

Documents.

(D)—Description of Works and Site.
(E)—Summary of General Conditions to be embodied in the Contract.
(F)—Preliminary Schedule of Estimated Quantities.
(G)—Particulars of Quarry.
(H)—Concrete Materials, Borings, Climate, and State of Sea Reports.

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* Not printed.

Drawings.

No.	*Title.*
RPT. 5071.	Palestine: General Map of Haifa District.
—	Haifa Town. (Municipal Engineer.)
RPT. 5111.	Haifa: Climate and State of Sea.
P.1.	Haifa Harbour. Site Plan.
P.2.	,, ,, General Plan East.
P.3.	,, ,, ,, ,, West.
P.4.	,, ,, Breakwaters.
P.5.	,, ,, Main and Lighter Wharf Walls and Rubble Dyke.
P.6.	,, ,, Position of Boreholes.
P.7, 8, 9, 10, 11	,, ,, Boreholes.
P.12.	,, ,, Athlit.
P.13.	,, ,, Wady Mughara.
P.14.	,, ,, Athlit—Wady Mughara.
P.15.	,, ,, Athlit—Wady Mughara. Sections.
P.16.	,, ,, ,, ,, ,, ,,
P.17.	,, ,, Palestine Railways.

Sub-enclosure D.

(Draft.)

HAIFA HARBOUR.

Note (D) to Accompany Invitation to Contractors, July, 1928.

Tenders are NOT to be made on these documents but on full contract documents and drawings to be supplied later.

General Description of Works and Site.

The works comprised in the contract will be approximately as follows:—

(*a*) The construction of a main and a lee breakwater, about 2¼ kilometres and ¾ kilometre respectively, of quarried stone graded into various categories.

(*b*) The construction of main and lighter wharf walls, approximately 625 metres long, in sloping concrete blockwork upon a rubble base and with rubble backing.

(*c*) The dredging of an area within the harbour to a depth of 9.2 metres below mean sea level.

(*d*) The dredging of a special anchorage and turning area to a depth of 11.4 metres below mean sea level.

(*e*) The construction of approximately 780 metres of rubble dyke with tipped rubble slope above mean sea level and 440 metres of rubble dyke surmounted with block wall and coping.

(*f*) The reclamation of the area between the foreshore and the wharf walls and rubble dyke.

(*g*) The diversion of existing and the construction of new drains to carry off storm water from the town of Haifa through the reclaimed area.

(*h*) The provision of railways, roads, sheds, cranes, capstans, &c.

(*i*) The provision of permanent moorings and buoys.

(*k*) The installation of electric lighting and power as and where required.

(*l*) The installation of navigation lights.

Site—An area of land at Carmel has been provisionally reserved for harbour construction purposes, and it is intended to hand over to the contractor at the commencement of the work such portions of it as he may reasonably require.

Arrangements are also being made to hand over a small site just west of the present railway jetty and for access at other points.

Sub-enclosure E.

HAIFA HARBOUR.

Note (E) to Accompany Invitation to Contractors, July, 1928.

Tenders are NOT to be made on these documents but on full contract documents and drawings to be supplied later.

GENERAL CONDITIONS.

The contract will be based on General Conditions containing, amongst others, the following provisions:—

1. *Extent of Works.*

Harbour Work.—Breakwaters, wharf walls, and embankments.
Dredging.
Reclamation.
Drainage.
Railways and roads.
Sheds.
Cranes, capstans, and other machinery.
Moorings and buoys.
Electric lighting and power, navigation lights.

2. *Everything at Contractor's Expense.*

Material, plant, labour, supervision, temporary works, and everything necessary for completion and maintenance. Also railway, lighterage, and traffic charges, royalties, and other dues except Customs duties, plant, and material being admitted duty free.

The contractor to be permitted to make his own arrangements for lighterage.

3. *Risks and Liabilities.*

All risks and liabilities connected with the work to be the contractor's, including risks from nature of site, from weather, flood, accidents, act of God, &c., but excepting risks of war or of local uprisings against the Government.

4. *Indemnity.*

To be given to the Government in respect of any claim or demand arising out of or incidental to the contract.

5. *Traffic.*

Road and railway traffic not to be interrupted, and work to be arranged so as to interfere as little as possible therewith.

6. *Temporary Roads, Railways, and other Temporary Works.*

Contractor to provide and be responsible for such of these as may be necessary for the construction, completion, and maintenance of the works.

7. *Preservation of Peace.*

Contractor to take all precautions to control the conduct of his men, but not entitled to form a private police force or to interfere with Government police. If special police measures are found necessary in connection with the contractor's workmen, the cost shall be borne by the contractor.

8. *Government and Local Regulations and Bye-laws.*

The contractor to observe these as well as the medical and hospital regulations in force

9. *Removal of Rubbish and Surplus Material.*

The Contractor to keep the site and adjacent ground free from rubbish and surplus materials, and to keep waterways, channels, and foreshore outside the site free from obstructions.

10. *Wrecks and Sunken Plant.*

Whether total loss or not, to be raised and removed by contractor as part of his contract liability.

11. *Lighting, Marking, Watching.*

For the works, plant, and material to be provided as necessary or directed by the Engineers.

12 *Water, Drainage, Sewage.*

All steps necessary to keep works to be carried out in the dry free from water, to do all pumping and drainage—temporary or otherwise—needed and to dispose of sewage from the works or affected thereby as the Engineers may direct. Suitable latrines to be provided on the site and fixed as the Engineers may direct.

13. *Weighing and Testing Materials.*

Everything necessary to be provided by the contractor.

14. *Setting Out.*

Contractor to provide everything necessary and to be responsible for accuracy of lines, levels, &c., and the maintenance of stakes, points, bench-marks, &c.

15. *Contractor's Staff.*

(*a*) An agent, to be approved by the Engineers, and to have full power and responsibility as contractor's representative from the time of their approval—whether the contractor has given him or not a Power of Attorney or whatever the terms of such power.

(*b*) Competent sub-agents with authority to receive instructions on the contractor's behalf, engineering assistants, foremen, and leading hands, to the satisfaction of the Engineers.

The Engineers, after their approval of an agent, can order his removal if not satisfied with him, and the contractor has to comply.

In the case of contractor's staff below the agent, the Resident Engineer may order removal and the contractor has to comply.

16. *Labour.*

The contractor is to provide all labour necessary and to arrange for engagement and transport

Fair conditions of labour will be required in pursuance of the Palestine and East Africa Loans Act, 1926, Section 1 (4), which reads as follows:—

> "The Secretary of State shall satisfy himself that fair conditions of labour are observed in the execution of all works carried out under any loan raised in pursuance of this Act."

17. *Insurance.*

The Contractor shall effect such fire insurances as the Engineers shall direct upon combustible plant, materials and work, whether permanent or temporary, and also insure all boilers

18. *Assignment and Sub-Letting.*

The Contractor shall not assign or sublet the contract or any part thereof without the consent in writing of the Engineers.

19. *Documents and Drawings.*

The information therein is not guaranteed; no inaccuracies shall be a ground of cancellation of the contract, and all discrepancies, ambiguities or inaccuracies shall be referred to the Engineers, whose decision or interpretation shall be final.

20. *Materials.*

To be wholly of Palestinian or British origin, unless otherwise specified.

21. *Work to Approval of Engineers.*

All work, materials, and plant shall be subject to the approval of the engineers and contractor must supply them with all means of test and inspection, including opening up of work executed. The order in which the work is to be executed shall also be a matter for the Engineers' decision. Materials shipped from Great Britain shall be inspected before shipment, but without prejudice to the contractor's general liability if found unsuitable on arrival.

22. *Time for Completion.*

The contractor to commence work on receipt of written order from the Engineers and to complete to the Engineers' satisfaction within 36 months from the time stated in the order to commence, subject to such extension of time as the Engineers may grant in respect of strikes or causes beyond the contractor's control or changes or delays in plans and drawings.

23. *Maintenance.*

Contractor shall maintain the work for six months after certificate of completion, and make good at his own expense and to the satisfaction of the Engineers all defects developing during the period.

24. *Liquidated Damages for Delay and Bonus for Expedition.*

The contractor to pay £500 liquidated damages for each week between the expiration of the prescribed or extended time for completion and the date of certified completion, or conversely, to receive a bonus of £500 for each week that he has completed the works in advance.

25. *Alterations, Additions, and Omissions.*

The contractor is not authorised in any way to vary, alter, add to, or omit from the work shown on the drawings or specified by the Engineers, unless the Engineers issue to him a written alteration order.

The Engineers, on the other hand, have full power to vary, alter, add to, or omit from the work shown or specified, and such variations, alterations, additions or omissions shall be valued by the Engineers according to the method to be explained in the contract.

26. *Day Work.*

No work shall be charged for as day work unless authorised as such by the Engineers.

27. *Suspension of Work.*

The contractor is not authorised to suspend the work for any reason whatsoever unless he receives an order in writing from the Engineers so to do.

28. *Property in Plant and Material.*

All plant, whether fixed or movable, all temporary works, and all material brought or erected upon the site shall become the property of the Government from the moment of their delivery or erection on the site, and neither the contractor nor anyone claiming for or through him shall attempt to remove them until authorised in writing by the Engineers so to do, or shall be entitled to claim any remuneration from the Government in respect of the use or consumption thereof in the carrying out of the works, whether by the contractor or by any other person or persons acting under the orders of the Engineers.

29. *Property in Excavated Materials and Objects of Antiquarian Interest.*

The property in all excavated materials and in objects of antiquarian interest found in carrying out operations for the work remains in the Government, and such discoveries must be reported to or handed over to the Resident Engineer.

30. *Prices.*

The Schedule which persons tendering will be asked to fill is only approximate as to quantities, and will comprise three different classes of prices, viz. :—

(*a*) Inclusive *unit prices or rates* for the finished work, in determining which the tenderer must remember that they will not be varied for work of the same kind, whether more or less than the quantity described, and that they must include all charges and risks of the execution of the work, including risks of delay or stoppage of the work.

(*b*) *Prime cost items* in connection with the supply of which the contractor can only charge actual cost price plus a commission for fixing, &c., to be indicated.

(*c*) *Provisional sums* which are inserted by the Engineers and are estimated for the execution of work or the supply of machinery in regard to which decisions have not been arrived at, or which will have to be executed or supplied by specialists, under sub-contracts.

In regard to such works or machinery as the contractor shall not himself do or supply, he is to indicate the percentage on the expenditure which he will require for his remuneration.

31. *Payments and Advances by Certificate.*

Subject to the Engineers' Certificate, advance payments will be made monthly to the contractor of 90 per cent.—

(*a*) on the quantity of permanent work executed, priced at schedule rates,

(*b*) on the estimated value of materials delivered at the site to be determined by the Resident Engineer,

until the Government has in hand a sum of £30,000 as "retention money." Thereafter, the estimated value of work and material shall be paid in full. Half the retention money shall be refunded to the contractor on completion and half at the expiration of the period of maintenance, upon the certificate of the Engineers in both cases that all the contractor's obligations under the contract have been performed.

32. *Remedies and Powers.*

The Government shall have power to occupy and use such part or parts of the work as they may require, whether completed or not.

They shall also have power to enter the work and to effect such work thereon as they may find necessary without ousting the contractor from the site on a certificate that the contractor is in default, and such work so effected shall be at the charge of the contractor.

They shall also have power to oust the contractor from the site and works and to complete the contract by their workmen or by other contractors, at the expense of the contractor, on a certificate of the Engineers that the contractor is in default in respect of any of the matters specified.

In the event of the contractor becoming bankrupt, the Government shall have similar rights and powers and the same consequences shall ensue as in the preceding two paragraphs.

33. *Engineers' Decision.*

In all disputes, matters, claims, demands, or questions arising out of or connected with the interpretation of the contract or the execution of the work, the Engineers' decision shall be final.

All differences between the parties not covered by the previous paragraph shall be submitted to arbitration.

Sub-enclosure F.

(Draft.)

HAIFA HARBOUR.

Note (F) *to Accompany Invitation to Contractors, July,* 1928.

Tenders are NOT to be made on these documents but on full contract documents and drawings to be supplied later.

PRELIMINARY SCHEDULE OF ESTIMATED QUANTITIES.

Item.	*Approximate Quantity.*	*Unit.*	*Description.*
1.	29,000	Cub. metres.	Quarried stone, 18,000 to 20,000 kg. category, to form parapet of main breakwater.
2.	95,000	,,	Quarried stone, 7,000 to 20,000 kg. category, in main breakwater.
3.	166,000	,,	Quarried stone, 2,500 to 7,000 kg. category, in main breakwater.
4.	136,000	,,	Quarried stone, 100 to 2,500 kg. category, in main breakwater.
	53,000	,,	Ditto, in lee breakwater.
	489,000	,,	
5.	164,000	,,	Quarried stone, all sizes up to 100 kg., in main breakwater.
	86,000	,,	Ditto, in lee breakwater.
	35,000	,,	Quarried stone or "rubble," from 5—100 kg., in reclamation dykes.
	3,000	,,	Ditto, in tipped slopes to ditto.
6.	8,000	,,	Quarried stone or "Quarry Waste," up to 5 kg. to form backing of reclamation dykes.
7.	1,717,000	,,	Excavating and dredging soft material, including silt, sand, clay, &c., and depositing, trimming and grading same in reclaimed area.

Item.	Approximate Quantity.	Unit.	Description.
8.	352	Lin. metres.	*Main wharf wall*, consisting of concrete block wall in 9.4 m. depth of water, with mass concrete coping wall, standing on rubble base, approximately 1½ m. thick, with tipped rubble backing.
9.	113	,,	*Lighter wharf wall*, intermediate section, consisting of concrete block wall of varying section, in depths of water from 8.4 to 5 m., with mass concrete coping wall, standing on rubble base from 1½ to 1 m. thick, with tipped rubble backing.
10.	158	,,	*Lighter wharf wall*, normal section, consisting of concrete block wall, in depths of water from 5 to 5½ m., with mass concrete coping wall, standing on rubble base approximately 1 m. thick, with tipped rubble backing.
11.	444	,,	Block wall on rubble dyke with mass concrete coping.
12.	24,300	Square metres.	Roadways and paved areas.
13.	5,400	Lin. metres.	Railway track, complete, 1.435-metre gauge.
14.	17	No.	Points and crossings, do.
15.	2	,,	Transit sheds, 122 by 36.6 metres.
16.	—	—	Drainage culverts.*
17.	5	No.	Moorings, complete for one ship.
18.	—	—	Electric lighting.*
19.	2	,,	Navigation Lights.
20.	1,330	Lin. metres.	Customs Fence.
21.	—	—	Equipment.*

Sub-enclosure G.

(Draft.)

HAIFA HARBOUR.

Note (G) *to Accompany Invitation to Contractors, July*, 1928.

Tenders are NOT to be made on these documents but on full contract documents and drawings to be supplied later.

PARTICULARS OF QUARRY.

Site, &c.—The site of the quarry is in the valley of Wady el Mughara about two miles from Athlit station in a south-easterly direction. The contractor will be required to open up and operate here a quarry or quarries to produce hard stone of good quality to the approval of the Engineers.

Samples, &c.—Approved samples of rock, photographs, notes on trial blasts, &c., can be inspected at the Engineers' Office, No. 25, Charles Street, Haymarket, S.W.1.

Specific Gravity.—The average specific gravity of six samples of the rock taken at random from the various trial blasts is 2.53, the highest being 2.75 and the lowest 2.31.

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* Probably provisional sums.

Water Supply.—The stream-bed of the Wady el Mughara shown on the accompanying plans* is dry except during period of very heavy rain.

It is considered probable that a sufficient supply of water could be obtained from wells sunk in the neighbourhood, but tenderers must satisfy themselves on this point or arrange for an alternative source of supply.

Electricity Supply.—It is understood that the Palestine Electric Corporation, Limited, of 3, Bedford Square, W.C.1, and Haifa, are prepared to negotiate for the supply of power for the quarry and all enquiries should be addressed to them direct.

Explosives.—Messrs. Nobels Explosives, Limited, have stated their intention of erecting an explosives magazine at Haifa.

Transport of Stone.—For the transport of stone from the quarry to the site of the works, the contractor will be required to lay a line of railway from the Wady el Mughara to Athlit and there hand over the wagons to the Palestine Railways for haulage to Carmel Station.

Main Breakwater.—The Palestine Railways have expressed their readiness to enter into an agreement with the contractor to undertake the bulk haulage of stone from Athlit to Carmel at the rate of 1s. per metre cube, accepting the quantities in the Resident Engineer's certificate as a basis for payment, and to set aside for the purpose 200 10-ton G.W.R. goods wagons altered to suit his requirements, provided certain conditions (appended) are fulfilled.

Lee Breakwater.—Arrangements are also being made whereby the Palestine Railways will haul stone, at a rate increased proportionately to the extra distance, to contractor's sidings just west of the railway jetty on the area to be reclaimed.

Depositing Stone by Sea.—The British Mediterranean Lighterage Company, Limited, 3, London Wall Buildings, London, E.C.2, have stated that they are prepared to tender for the transport of stone by sea and all enquiries should be addressed to them direct.

Payment for Stone in Breakwaters.—Payment for stone in breakwaters will be by cubic metre on the contract sections.

Conditions under which Railway are Prepared to Haul Stone.

1. The bulk haulage of stone over continuous periods.
2. The Railway to pick up wagons placed in quarry sidings at Athlit and deliver them to sidings provided by the contractor at Kilo. 3.500 (Carmel). All haulage in sidings to be effected by contractor with his own locomotives.
3. The contractor to work to a time-table formulated in concert by both parties in order to obtain the most efficient traffic working. Any waste of engine power occasioned by deviation from this programme to be the subject of additional charges.
4. The Railway to lay loops at Athlit and Carmel and at any other crossing station, if necessary, capable of holding the full train loads. All other sidings at these two points to be laid and maintained at the contractor's expense.
5. The wagons set aside for harbour use to be altered to the requirements of the contractor, the cost of alteration and reinstatement being borne by the Railway.
6. Special skips for the handling and carriage of stone to be provided by the contractor and conforming to Railway standard gauge.
7. The contractor to be responsible for the maintenance, oiling, &c., to Railway standard of all wagons which are placed at his disposal for dealing with the haulage of stone.
8. All damage to wagons to be made good by the contractor.
9. On the completion of the contract all rolling stock loaned to the contractor to be returned to the Railway in good condition, any depreciation in value other than that due to fair wear and tear to be made the subject of agreement between the two parties prior to the commencement of the work.

The accompanying drawing (P. 17)* gives the following particulars as received from the Palestine Railways. :—

(1) Particulars of 10-ton G.W.R. open goods wagons.
(2) List of available stores and prices at which the Railway is prepared to issue them.
(3) Diagram of standard dimensions for structure and loading gauges.
(4) Diagrams of standard dimensions for track formations.

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* Not reproduced.

Sub-enclosure H.

(Draft.)

HAIFA HARBOUR.

Note (H) *to Accompany Invitation to Contractors, July*, 1928.

Tenders are NOT to be made on these documents but on full contract documents and drawings to be supplied later.

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(1) *Concrete Materials.*

Cement.—Rapid-hardening cement to British Standard Specifications is obtainable from the Nesher Cement Company's works at Haifa.

Sand.—Coarse sand, locally known as "zif-zif," is obtainable near the shore between Acre and ez Zib and fine sand from the shore just south of Tel-es-Semak.

The contractor will be required to conform with any local regulations regarding removal of sand.

(2) *Borings.*

Specimens of materials encountered in the borings can be inspected at the offices of the Department of Public Works, Haifa, and a few specimens at 25, Charles Street, Haymarket. An analysis of a sand specimen is also available.

(3) *Climate and State of Sea.*

Copies of the Palestine Government's climate and state of sea records, from part of which drawing No. 5,111 has been compiled, can be inspected at 25, Charles Street, Haymarket.

C. 57105/28 [No. 38].

No. 14.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 16.]

GENTLEMEN, Downing Street, 26th July, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 13th of July* transmitting a copy of a letter with its enclosures from Messrs. Rendel, Palmer, and Tritton, in regard to the construction of the proposed harbour works at Haifa

2. The plans of the works forwarded by the Consulting Engineers were not enclosed with your letter, and it is presumed that these and the technical details of the general description of works forwarded by Messrs. Rendel, Palmer, and Tritton will be examined by you.

3. As regards the second paragraph of your letter, I am to state that, having regard to the opinion† recently expressed by the Law Officers of the Crown, it is not possible to adopt the proposal made by the Consulting Engineers that in the general conditions to accompany the invitation to contractors it should be stipulated that the whole of the material to be used in the construction of the works must be of Palestinian or British origin unless otherwise specified. After consideration, Mr. Amery has arrived at the conclusion that it will be best to adopt the further suggestion made by the Consulting Engineers, namely, that contractors should be left at liberty to draw their materials from any source, but should be called on to state the country of origin of the cement, steel, and other materials, which they propose to use for the works. On the receipt of tenders, and of this supplementary information, it can be considered whether it will be advantageous to adopt the suggestion made by the Consulting Engineers that in cases where contractors propose to obtain materials from other than Palestinian or British sources inquiries should be made with a view to ascertaining the amounts by which the tenders would be increased if the materials were instead obtained from those sources.

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* No. 13. † No. 55 in Volume VIII of the Law Officers' Opinions Series.

4. As regards the third paragraph of your letter, I am to state that Mr. Amery agrees that paragraph 16 of the General Conditions to accompany the invitation to contractors, which relates to conditions of labour in the execution of the works, should be adopted. As, however, the Secretary of State is required by Statute to satisfy himself that fair conditions of labour are observed in the construction of the Haifa Harbour a paragraph should be added to the letter of invitation to contractors to the effect that with their tenders they must submit a general statement of the conditions of labour which they propose to observe, bearing in mind the provisions of Section 1 (4) of the Palestine and East Africa Loans Act, 1926

5. In enclosure B to their letter the Consulting Engineers submitted a list of 10 firms which they proposed should be invited to tender for the works, and the names of two firms which, though desirous of tendering, had not been included in that list. Provided that you see no objection to the inclusion of any of the firms in the list, Mr. Amery agrees that letters of invitation, &c., amended in accordance with the preceding paragraphs of this letter, should be sent to the 10 firms named by Messrs. Rendel, Palmer, and Tritton. Mr. Amery also considers that, subject to any observations that you may have to offer, an invitation to tender might also be sent to Sir Lindsay Parkinson and Company, Limited, who are said to be desirous of tendering.

6. As the time-table set out in the penultimate paragraph of the letter from the Consulting Engineers is dependent on the very early issue of the preliminary invitations to contractors, I am to request that you will communicate with the Consulting Engineers in this matter at a very early date.

I am, &c.,
T. I. K. LLOYD.

C. 57105/28 [No. 42].

No. 15.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by Nos.* 20 *and* 30.]

(Confidential.)

SIR, Downing Street, 2nd August, 1928.

I HAVE the honour to refer to my Confidential despatch of the 12th of June,* and to previous correspondence in regard to the construction of the harbour works at Haifa.

2. I enclose copies of a letter† from the Crown Agents transmitting a letter from the Consulting Engineers with which were forwarded the draft of an invitation to tender for the works, a list of firms to be invited to tender, and certain documents relating to the proposed works.

3. I also enclose a copy of a letter‡ addressed by my direction to the Crown Agents from which you will observe that, subject to certain modifications, I have agreed to the issue of the documents forwarded by the Consulting Engineers.

4. You will no doubt inform me at an early date in the event of your having any comments to offer on the correspondence enclosed. As the definite invitations to tender are to be issued early in September it may not be possible to take into account any comments received after the end of August.

5. It will be observed that the estimated cost of the works is now £1,250,000. I proposed to address you in a separate despatch in regard to the re-allocation of the Loan Funds which will be necessary in view of the increased cost of these works.

I have, &c.,
L. S. AMERY.

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* No. 12. † No. 13 ‡ No. 14.

C. 57105/28 [No. 43].

No. 16.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 17.]

SIR, 4, Millbank, Westminster, London, S.W.1, 3rd August, 1928.

I HAVE the honour to acknowledge the receipt of your letter of the 26th July,* regarding the construction of the proposed harbour works at Haifa.

2. We now enclose a copy of the invitation to tender† which it is proposed to issue to contractors, and also a copy of the documents† referred to therein. We also enclose a copy of the Consulting Engineers' covering letter dated 1st August,† which we received when the above documents were forwarded to us.

3. In paragraph 4 of your letter under acknowledgment it was suggested that a paragraph should be added to the letter of invitation to tender to the effect that tenderers must submit a general statement of the conditions of labour which they propose to observe. The Consulting Engineers have modified the conditions of contract, and Clause 16 of enclosure E. now contains the suggested instructions. We are inclined to think that these instructions should be included in the general conditions rather than in the letter of invitation, but we shall be glad to learn that the Secretary of State sees no objection to this.

4. It will be noted that paragraph 20 of the general conditions contains a stipulation regarding the country of origin of materials as suggested in paragraph 3 of your letter under acknowledgment.

5. We are making inquiries with the object of ascertaining if the firm of Sir Lindsay Parkinson and Company, Limited, can be regarded as suitable for undertaking the work. We have some doubt, as from information we have obtained it would appear that while this firm has successfully carried out important building and road construction contracts, they do not appear to have undertaken the construction of harbour works. We will, however, seek the advice of the Consulting Engineer on this point.

I have, &c.,
C. CHILCOT,
for Crown Agents.

C 57105/28 [No. 44].

No. 17.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 18.]

GENTLEMEN, Downing Street, 6th August, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 3rd of August‡ forwarding copies of the invitation to tender for the proposed harbour works at Haifa and of the documents referred to therein.

2. The Secretary of State sees no objection to the departure from his instructions reported in the third paragraph of your letter. He trusts that it will be possible to issue the letters of invitation and connected documents at a very early date.

I am, &c.,
A. J. HARDING.

C. 57105/28 [No. 49].

No. 18.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 15th August, 1928.

I HAVE the honour to refer to your letter of the 6th August§ regarding the proposal to invite tenders for the proposed harbour works at Haifa.

2. We are now able to inform you that the letters of invitation to tender, which were dated the 8th August, were issued to eleven firms of contractors on the 9th August.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

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* No. 14. † Not printed. ‡ No. 16. § No. 17.

C. 57105/28 [No. 50].

No. 19.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 21st August, 1928.

I HAVE the honour to refer to our letter of the 13th July* transmitting copy of a letter dated the 11th July which we had received from Messrs. Rendel, Palmer, and Tritton, regarding the issue of invitations to tender for Haifa Harbour.

2. In the penultimate paragraph of the Consulting Engineers' letter it was stated that provided the preliminary invitations to tender could be then issued it should be possible to send out the definite invitations early in September and for tenders to be submitted by the end of September. In your letter, however, of the 26th July,† you suggested certain modifications to the documents which it was proposed to issue to tenderers, and in consequence the invitations to tender were not sent out until the 8th August.

3. We now enclose a copy of a further letter dated the 18th August, which we have received from the Consulting Engineers, wherein they point out that the delay in issuing preliminary invitations will necessitate some postponement in the issue of definite invitations. They now suggest that the definite invitations should be issued about 3rd October, which should permit tenders being submitted about 31st October.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

Enclosure in No. 19.

FROM MESSRS. RENDEL, PALMER AND TRITTON TO CROWN AGENTS.

GENTLEMEN, 12-15, Dartmouth Street, S.W.1, 18th August, 1928.

Haifa Harbour.

Date for Deposit of Tenders.

WE are in receipt of your letter of the 15th instant in which you ask us to give some indication, for the information of Messrs. Edmund Nuttall, Sons and Company, Limited, of the date when tenders should be deposited.

In our letter of the 11th July it was pointed out that provided you found it possible to issue without delay the preliminary invitations submitted therewith, definite invitations could be sent out early in September for return before the end of that month and the commencement of work ordered, in accordance with the time-table set out in our letter of the 5th March.

Since you were unable to issue the preliminary invitations before the 8th August, *i.e.*, four weeks later, and as sufficient time must be allowed for contractors' representatives to visit the site, &c., we now propose that, unless anything unforeseen occurs, the definite invitations should be sent out four weeks later than originally intended, viz., on or about 3rd October, and allowing, say, four weeks for tendering, tenders would then be received about 31st October.

In reply to Messrs. Edmund Nuttall, Sons and Co., Ltd., it would perhaps be as well to point out that we propose to recall our Assistant, Mr. Speedy, at the end of the second week in September unless otherwise instructed, and that it would certainly be to their advantage to send a representative of their firm to Haifa before he leaves.

Yours, &c.,
For Rendel, Palmer and Tritton,
E. J. BURTON.

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* No. 13. † No. 14.

C. 57105/28 [No. 52].

No. 20.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 27th August, 1928.)

(Confidential.)

SIR, Government Offices, Jerusalem, 14th August, 1928.

I HAVE the honour to acknowledge the receipt of your Confidential despatch of the 2nd August,* transmitting copies of correspondence with the Crown Agents in connection with the construction of Haifa Harbour.

2. I have no comments to offer on the correspondence enclosed, which, as noted in paragraph 2 of Colonial Office letter of the 26th July† to the Crown Agents, does not include any plans.

3. I note that you are addressing to me a separate despatch with regard to the re-allocation of the Loan Funds, which will be necessary in view of the fact that the estimated cost of the works is now £1,250,000 instead of £1,000,000.

I have, &c.,
H. C. LUKE,
Officer Administering the Government.

C. 57105/28 [No. 55].

No. 21.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 17th September, 1928.)

(Confidential A.)

SIR, Government Offices, Jerusalem, 7th September, 1928.

I HAVE the honour to acknowledge the receipt of your Confidential despatch of the 22nd August,‡ in which you inform me that you find it necessary to defer consideration of the proposals for the construction from Loan Funds of the General Post Offices in Jaffa and Jerusalem and for the purchase of the site for the Post Office in Jerusalem in view of the fact that the original estimate for the Haifa Harbour of £1,000,000 is now to be exceeded by £250,000.

It appears clear from the Treasurer's memorandum on the financial position, dated the 20th August, which was recently transmitted to you that it will not be possible to provide for any portion of the cost of the Post Offices from Loan Funds; and I am now considering with my financial advisers the possibility of providing for these works in whole or part from surplus balances and current revenue in connection with the Estimates for 1929.

2. The fact that it has now been found necessary at this early stage, to increase the original estimate for the Haifa works by 25 per cent., representing the sum—a very large one in relation to the financial resources of this Government—of £250,000, is causing my advisers and myself considerable misgiving, the more so as the experience of Takoradi and other harbours has shewn that there is not infrequently a regrettable lack of finality in the estimates for works of this magnitude. You will, I feel sure, agree with me that the sum now estimated to be required, viz., £1,250,000, is the maximum that the Palestine Government can afford to pay in respect of the Haifa harbour works in view of its present financial obligations and inelastic revenue; and I am therefore compelled to urge that means should be devised by the Consulting Engineers definitely to limit the cost of construction and equipment to the sum of £1,250,000.

I have, &c.,
H. C. LUKE,
Officer Administering the Government.

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* No. 15. † No. 14. ‡ C. 57442/28 [No. 2]: not printed.

C. 57556/28 [No. 1].

No 22

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 1st October, 1928.)

[*Answered by No.* 26.]

(No. 935.)

SIR, Government Offices, Jerusalem, 20th September, 1928

I HAVE the honour to refer to your despatch No. 696 of the 22nd August* regarding the question of wages for unskilled labour in Palestine and to inform you that I have considered at length in the Executive Council recommendation No. (8) in the Report of the Commission of Inquiry, but in relation exclusively to the question of wages for unskilled labour to be employed on the proposed harbour works at Haifa.

2. Having regard to the provision in the Palestine and East Africa Loans Act, 1927, Section 1 (4), that fair conditions of labour are to be observed in the execution of any work carried out under any loan raised in pursuance of the Act, I consider it essential that a fair wage clause for unskilled labour should be inserted in the contract for the harbour works Without it there is likely to be opportunity for exploiting Arab labour and for rendering it difficult to secure the employment of a reasonable proportion of Jewish unskilled labour on the works.

The objections to incorporating a fair wage declaration into contracts, which were suggested in Lord Plumer's despatch on the 17th July,† were envisaged, and with reason, in the case of petty jobbing contractors. I am satisfied, however, that, in the case of a large and reputable firm of contractors, such as will undertake the harbour works, the objections will not apply.

3. After an analysis of the wages paid by his Department and by the Palestine Railways, of which particulars are given in the first enclosure‡ to this despatch, the Director of Public Works recommends the following as reasonable daily rates for an eight-hour day :—

Adult unskilled labour	150 mils.
Women and boys (14 to 16 years) ...	80 mils.
Messengers and office cleaners	100 mils.

I propose, therefore, to require the contractor to pay not less than those rates.

4. It will be observed that the rate suggested for adult unskilled labour is higher than the average shown in the schedule, but it must be remembered that employment on the harbour works may not be so regular as that on the roads and railways, and that the nature of the harbour works will demand an unusual expenditure of physical energy by the workmen.

The greater part of the labour will, however, be carried out on a piece-work basis, so that the average workman will almost certainly find it possible to earn considerably higher wages than the minima suggested. At all events, I am persuaded that by fixing those minima this Government will fulfil their obligation to secure fair conditions of labour in the contract for the harbour works, without disturbing the labour market from which they, as well as private enterprise, industrial and agricultural, draw their supplies. A higher scale of wages might have that result.

5. I also regard it as essential that the labour employed shall, so far as possible, be Palestinian labour; and I therefore propose to grant permission for the importation of unskilled labour only on a certificate of indispensability from the Director of Public Works.

6. I enclose for your information a copy of a memorandum‡ presented to me by the Executive Committee of the Jewish Labour Federation with regard to the employment of Jewish labour at the harbour works and elsewhere, and a copy of the minutes of a Conference‡ at which I discussed that memorandum with representatives of the Committee.

7. I note that the Crown Agents have been informed that the report of the Commission of Inquiry into the question of wages for unskilled labour is not to be published. It appears to me, however, to be desirable that every tenderer for the proposed harbour works at Haifa should be given an opportunity to study the report.

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* C. 57204/28 [No. 6]: not printed. † C 57204/28 [No. 4]: not printed.
‡ Not printed.

which provides a valuable survey of labour conditions in Palestine generally. The report need no longer, therefore, so far as this Government is concerned, be treated as confidential; and I should be grateful if typed copies could be supplied by the Crown Agents to the tenderers.

8. While I have confined this despatch to the discussion of the question of unskilled labour, it is not out of place to remark that it is impracticable to lay down minimum wages for skilled labour in the several trades because of the varying degrees of skill to be found in Palestine, where regular apprenticeships have not been served.

I have, &c.,
H. C. LUKE,
Officer Administering the Government.

C. 57105/28 [No. 53].

No. 23.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 1st October, 1928.

I ENCLOSE a copy of a letter dated 28th September which, on the suggestion of Messrs. Rendel, Palmer, and Tritton, we are addressing to the tenderers for Haifa Harbour. You will note from paragraph 1 of the enclosure that it is hoped to issue the contract documents to the tenderers on or about the 3rd October.

I have, &c.,
C. CHILCOT,
for Crown Agents.

Enclosure in No. 23.

Haifa Harbour.

GENTLEMEN, 28th September, 1928.

FURTHER to our letter of the 8th August, sending you the preliminary documents and drawings relating to this Contract, it is now proposed to issue, on or about the 3rd October, the definite invitations to tender.

The documents and drawings accompanying this invitation will supersede those now in your possession, and in order to prevent confusion in tendering, this opportunity is taken to notify you accordingly.

The return of the preliminary drawings will be requested in due course.

I am, &c.,

Messrs. Norton Griffiths & Co., Ltd., 3, Central Buildings, S.W.1.
Sir John Jackson, Ltd., 53, Victoria Street, S.W.1.
Sir Robert McAlpine & Sons, 50, Pall Mall, S.W.1.
Pauling & Co., Ltd., 26, Victoria Street, S.W.1.
Messrs. Charles Brand & Son, Millbank House, 2, Wood Street, S.W.1.
Walter Scott & Middleton, Ltd., 28, Victoria Street, S.W.1.
Topham, Jones & Railton (1926), Ltd., 11, Great George Street, S.W.1.
Sir John Lindsay Parkinson & Co., Ltd., Lindsay House, 171, Shaftesbury Avenue, W.C.2.
Sir Ernest Moir, Bart., 10, Victoria Street, S.W.1.

C. 57105/28 [No. 56].

No. 24.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 2nd October, 1928.

WITH reference to our letter of the 1st October* I now have the honour to enclose a copy of a further letter which we have to-day addressed to the tenderers

* No. 23.

for Haifa Harbour. This letter has been despatched to the tenderers in compliance with a suggestion which we received over the telephone from Mr. T. I. K. Lloyd.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

Enclosure in No. 24.

GENTLEMEN, 2nd October, 1928.
SIR,

Haifa Harbour.

REFERRING to our communication of 28th September, I regret to inform you that owing to unforeseen circumstances it has been found necessary to postpone issuing the definite invitations to tender for the construction of Haifa Harbour.

The delay will, it is hoped, not exceed a week, but you will be advised in due course.

Yours, &c.,

for Chief Engineer (Designs).

Messrs. Norton Griffiths & Co., Ltd., 3, Central Buildings, S.W.1.
Sir John Jackson, Ltd., 53, Victoria Street, S.W.1.
Sir Robert McAlpine & Sons, 50, Pall Mall, S.W.1.
Pauling & Company, Ltd., 26, Victoria Street, S.W.1.
Charles Brand & Son, Millbank House, 2, Wood Street, S.W.1.
Walter Scott & Middleton, Ltd., 28, Victoria Street, S.W.1.
Topham, Jones & Railton (1926), Ltd., 11, Great George Street, S.W.1.
Sir Lindsay Parkinson & Co., Ltd., Lindsay House, 171, Shaftesbury Avenue, W.C.2.
Sir Ernest Moir, Bart., 10, Victoria Street, S.W.1.

C. 57556/28 [No. 2].

No. 25.

THE ZIONIST ORGANISATION to COLONIAL OFFICE.

SIR, 77, Great Russell Street, London, W.C.1, 9th October, 1928.

ON behalf of the Executive of the Zionist Organisation, I have the honour to refer to the representations which have recently been made, both to the Colonial Office and to the Government of Palestine, with regard to the employment of Jewish labour in connection with the projected harbour works at Haifa, and to lay before you the following statement of their views.

2. Disregarding for the moment the provisions of Section 1 (4) of the Palestine and East Africa Loans Act, the Executive submit that Jewish labour would in any case have a legitimate claim to a substantial share of the employment to be provided by the harbour works. The Jews are an important and valuable element of the population of Palestine. The Annual Reports of the Palestine Government show that they have contributed out of all proportion to their numbers to the development of the country and to the expansion of revenue which has been so marked a feature of the post-war period. The harbour works are being financed from the proceeds of the Palestine loan. It is no exaggeration to say that Jewish colonisation has been largely instrumental in placing Palestine in a position to raise a loan of these dimensions on the strength of its taxable capacity, as measured by its financial record during the past few years. Similarly, the revenues on which the service of the loan is charged may fairly be said to be revenues which are directly or indirectly dependent to a very considerable degree on the development of Jewish enterprise and the influx of Jewish capital; it is self-evident that if Jewish activity came to a standstill, or suffered a serious check, the security for the loan (apart from the British guarantee) would be materially impaired. In these circumstances, the Jews are reasonably entitled to expect that the harbour works will be executed under conditions ensuring the employment of a substantial proportion of Jewish labour.

3. As the Colonial Office is aware, it so happens that the Jewish population includes an exceptionally large proportion of persons dependent upon manual labour of precisely the kind which will be required at Haifa. Jewish labour has in the past had reason to complain of not having received its fair share of employment on public works. That such complaints can still be legitimately made is shown—to take one salient example—by the case of the Municipality of Jerusalem. About 66 per cent. of the population of Jerusalem is Jewish, but the Executive are informed that out of £P.17,000 expended on public works in the munipical area in 1927, only £P.2,350 were expended on works carried out with Jewish labour. It would, for that reason, be all the more regrettable if less than full justice were done to Jewish labour in the execution of the harbour works—by far the most important of the public works as yet undertaken in Palestine. The harbour is to be built under arrangements to be made by the Colonial Office, and under the direct supervision of the Palestine Government, and it has always been confidently assumed that, in this case at all events, the legitimate claims of Jewish labour were assured of sympathetic consideration.

4. It would be particularly unfortunate—it would, indeed, be nothing short of disastrous—if these reasonable expectations were to be disappointed at a moment when plans are being made for an intensified Jewish effort in the interests of the Jewish National Home, and when the proposals for the enlargement of the Jewish Agency, which have long been under discussion, are on the point of bearing fruit. The Jewish public would be faced, at a critical juncture, with a disheartening setback, and the resulting loss of confidence would seriously hamper the Zionist Organisation in its endeavours to promote the development of Palestine by encouraging the influx of Jewish capital. Let it be assumed, for the sake of argument, that the employment of a substantial proportion of Jewish labour might mean that the harbour works would cost a little more than they would if the wages paid were the lowest at which labour is obtainable in Palestine. The Executive venture to suggest that, even from a purely financial point of view, it would in the long run prove to be false economy to pursue a wage-cutting policy which would inevitably tend to check the flow of Jewish capital and the development of Jewish enterprise.

5. These considerations are all the more cogent in the light of Section 1 (4) of the Palestine and East Africa Loans Act, which provides that—

> " The Secretary of State shall satisfy himself that fair conditions of labour are observed in the execution of all works carried out under any loan raised in pursuance of this Act."

The expression " fair conditions of labour " admits in itself of a variety of interpretations. It is presumed that, as regards hours of labour, fair conditions could only be deemed to be conditions consistent with the views which are generally accepted in civilised countries as to the length of the working day, but it is true that nothing is expressly said in the sub-section either as to the employment of any particular class of labour, or as to rates of wages. It is, however, material to observe that in the debate on the Colonial Office Estimates on 13th July, 1928 (Official Report, Column 2720), the Secretary of State stated, with reference to the harbour works at Haifa, that under the Palestine and East Africa Loans Act " definite provision is made for fair wages being paid in connection with the work," so that it seems clear that " fair conditions " are to be interpreted as including fair wages. As regards the employment of Jewish labour, it will be seen from the following extract from the Official Report (Columns 2285-6) that this question was expressly raised in the debate in the House of Commons on 9th December, 1926, which led to the insertion, on the motion of the Secretary of State, of the amendment now forming Section 1 (4) of the Act:

> " *Colonel Wedgwood:* ' We must be certain that there is a rate of wage paid on which Jews can live. Hitherto in the Public Works Department on the making of roads it has been almost entirely Arab labour . . . I would like from the Government some assurance that the employment of Jews on the harbour at Haifa will be taken into consideration . . . I understood the Secretary of State to nod his head with reference to the employment of Jews at Haifa.' "
>
> " *Mr. Amery* ' That is so.' "
>
> " *Colonel Wedgwood:* ' The question I have raised on this amendment is that of Palestine, and I have got satisfaction on it.' "

The assurance given with reference to the employment of Jewish labour would clearly have been unreal if it had not been intended that the conditions of employment should be such as Jews could accept without lowering their recognised standard of life. It is submitted that Section 1 (4) of the Act, in its application to the Haifa harbour

works, should be construed in the light of the authoritative statements just cited, and the Executive feel sure that the Colonial Office will desire to give effect to its provisions in the spirit as well as in the letter.

6. The Executive do not under-rate the complexity of the question thus raised, and they have no desire to make proposals which could reasonably be regarded as extravagant or impracticable. They believe that the following are the minimum safeguards for which they are entitled to ask in the interests of Jewish labour:

7. (i) *Importation of Foreign Labour.* It is taken for granted that the introduction of cheap labour from Egypt or elsewhere will in no circumstances be permitted, as being clearly inconsistent with the spirit of Section 1 (4) of the Loans Act and of the assurances referred to above. On this point the Executive are glad to learn that His Excellency the Acting High Commissioner for Palestine recently assured a Jewish labour Delegation that the Government had no intention of giving facilities for the importation of foreign labour in connection with the harbour works. The Executive also trust that in the recruitment of technical personnel, contractors will be required to give priority to qualified local candidates. It is unnecessary to labour the point that Palestine is entitled to the benefit of the generally-accepted principle, which is strictly applied in England, that such vacancies should not be filled from abroad unless it can be shown that it is impossible to fill them locally. If the demand for labour or for technical personnel should be in excess of the local supply, it is hoped that, before other sources are drawn upon, the Zionist Organisation will be given a reasonable opportunity of making good the deficiency.

8 (ii) *Wages.*—So far as skilled work is concerned, the Executive do not think it necessary to ask for any special stipulation to be made in the contract with reference to the employment of Jewish labour. In the case of unskilled labour, different considerations arise. It is observed with satisfaction that the Arab standard of life shows a tendency to rise towards the Jewish level, but the difference between the two standards, though it is being gradually reduced, remains such that the employment of Jewish labour would to all intents and purposes be ruled out if wages were left to be fixed at the lowest rate at which the lowest grade of labour is obtainable.

9. As shown above, fair conditions of labour must be construed as including fair wages, and it is submitted that fair wages must mean, at the least, wages not plainly inconsistent with the recognised standard of life of the more advanced section of the population. It must be borne in mind in this connection that at certain times of the year the market price of labour is depressed by the entry into the labour market of fellaheen who desire to supplement their income by seeking temporary industrial employment in the towns. On the other hand, the Jewish worker is entirely dependent for his livelihood upon his wages. It is essential, therefore, that a fair wage for Jewish labour should be interpreted as meaning a wage on which a Jewish worker who has no other source of income can maintain a reasonable minimum standard of life.

10. On this point reference may be made to the Report of the Commission of Enquiry into Wage Rates in Palestine, of which the Colonial Office have been good enough to supply the Executive with a copy for their confidential information. The following passages are relevant:—

(*a*) Paragraph 13: The Commissioners refer to the inquiry into the cost of living of Jewish labour made by the Palestine Zionist Executive in 1926, and state that they are advised that the conclusions reached by the Palestine Zionist Executive are generally sound for Jewish Union labour. The result of the inquiry was to show that in 1926 —the cost of living has since shown a slight downward tendency—" the average cost of living of a normal working-man's family was about £9 a month, or 30 Pt. a day "

(*b*) Paragraph 16: " The normal market rate for (unskilled) labour is 120-140 mils (Pt.12-14) a day, which is admittedly insufficient to maintain the average Jewish working-man's family."

(*c*) Paragraph 16: The Commission are of opinion, with regard to relief work, that " the rate to be paid should be the minimum rate at which Jewish unorganised unskilled labour is paid in the open market." From paragraph 5 of the Report, this appears to mean a wage of from 150 to 200 mils (Pt.15-20) a day.

11. Without desiring at this stage to lay too much stress on a precise figure, the Executive submit that the inference from the Report of the Campbell Commission is that a fair minimum wage for Jewish labour would be of the order of 20 Pt. a

day—a rate which can hardly be regarded as excessive, seeing that it merely corresponds to the upper limit of the scale recommended by the Commission for relief works.

12. The Executive appreciate the difficulty of fixing different scales of wages for the same type of work, and, on the other hand, the objections to prescribing a minimum cash wage for Jewish and Arab labour alike on the basis of the Jewish standard of life. They are bound to ask that adequate provision should be made for assuring Jewish labour of a living wage, but subject always to this proviso, they are anxious to co-operate with the authorities concerned in working out practical means of harmonising the legitimate claims of Jewish labour with the financial considerations which naturally weigh with the Colonial Office. There are two suggestions which they desire to put forward for consideration. In the first place, they think it possible that the solution of the problem might be facilitated by suitable piecework arrangements, provided that the price lists were such as to enable efficient Jewish workers to earn a wage which could reasonably be regarded as adequate. On this point the Executive cannot express a more definite opinion without fuller information than is at present available as to the technical details of the scheme.

13. Secondly, it must be borne in mind that it is not entirely a question of cash wages. It is a matter of common knowledge that, in the case of the Jews, rent is an important factor in the cost of living of a working-class family, while it is usually an insignificant factor in the case of the Arabs. Thus the difference in terms of cash between a living wage for Jewish and for Arab labour respectively would be materially reduced if it were stipulated that accommodation on a European standard should be provided for workers brought from a distance. Similarly, the cost of living might be further reduced, with a corresponding addition to the real wages of Jewish workers, if suitable rationing and cooking arrangements were made by the contractor, in conjunction with the Palestine Zionist Executive and the Jewish Labour Organisation. Alternatively, the fixed minimum wage might be supplemented by a subsistence allowance in the case of workers not having homes in the immediate vicinity of their work. It is presumed that the contractors will in any case make the customary arrangements for Health Insurance, and it is suggested that, in the case of Jewish workers, this should be done through the medium of the *Kupath-Cholim*, the Sick Benefit branch of the Jewish Labour Organisation.

14. The foregoing suggestions are not necessarily exhaustive; they are merely put forward at this stage as an indication of the lines on which it is thought that it may be possible to deal with the difficulties inherent in the existence in Palestine, side by side, of two distinct standards of life.

15 *Proportion of Jewish Labour.* On the assumption that it will be agreed that a fair proportion of Jewish labour should be employed, the question arises as to what a fair proportion would be. It may be suggested that the proportion should correspond to the ratio of Jews to the total population of Palestine. The Executive are strongly of the opinion that this formula has no application to the present case, and would give the Jews much less than their due. As has already been pointed out, the Jews have in the past received considerably less than their fair share of the employment provided by Government and municipal public works. It has also been pointed out that the Jews have contributed, and will continue to contribute, out of all proportion to their numbers, to the revenues charged with the service of the loan from which the harbour works are being financed. There is, moreover, the highly material consideration that the Jews include at least fifty per cent. of the total number of wage-earners in Palestine, and more than fifty per cent. of the workers dependent for their livelihood on industrial labour of the type now required. In these circumstances, the Executive feel justified in asking that the contractors be clearly given to understand that they will be expected to employ Jewish labour to the extent of about fifty per cent. The Zionist Organisation, in conjunction with the Jewish Labour Organisation, would, of course, be ready to accept responsibility for ensuring that the necessary supply of Jewish labour should be obtainable on the agreed standard terms.

16.—*Sabbath Rest.*—The Executive trust that, in accordance with the spirit of Article 23 of the Mandate for Palestine, due provision will be made for the recognition of the Sabbath as a day of rest for Jewish workers. The technical difficulties involved are fully appreciated, and the Executive will gladly co-operate in reducing them to a minimum, in so far as this can be done without prejudice to the principle that Jewish workers, no less than those belonging to other communities, are entitled to facilities for the observance of their Sabbath. The Executive hope to be in a position

to make practical proposals under this head when fuller information becomes available as to the proposed methods of work, but they think it right to raise the question at this stage in order that it may not be overlooked. It is possible that the solution of this problem might be facilitated by arranging for certain portions of the programme of work to be allotted *en bloc* to Jewish and Arab labour respectively.

17. *Use of Local Material.*—The Executive understand that the important question of the use of local materials, including cement, is already engaging the attention of the Colonial Office. They trust that full advantage will be taken of this opportunity of encouraging local industries and of providing additional employment for local labour.

18. *Preliminary Works.*—While an interval must necessarily elapse before the contract is finally settled, and the actual construction of the harbour works is taken in hand, the Executive believe that there may be certain preliminary works which will in any case be required, as, for example, the assembling of stone and other material, and the building of accommodation roads. Earlier in the year the Executive inquired whether an early start could not be made with these works, which would be of considerable value in providing immediate employment for local labour. The Executive trust that this suggestion may now be seriously and favourably reconsidered.

19. The unavoidable length of this communication is due to the extreme importance which the Executive attach to the question with which it deals, and to their anxiety to lay before the Colonial Office a full statement of their views, accompanied by definite proposals in as concrete a form as is possible at the present stage. It is understood that the time will soon arrive for the selection of the contractor and the final settlement of the terms of the contract. In the earlier part of this letter the Executive have fully set forth the grounds on which they urge that the conditions laid down shall be such as to ensure the employment of a substantial proportion of Jewish labour on terms consistent with the Jewish standard of life. They earnestly trust that, in the decisions about to be taken, these considerations will be given due weight, and that such arrangements will be made as will satisfy the legitimate claims of Jewish labour, and the reasonable expectations of the Jewish public.

I have, &c.,
CH. WEIZMANN.

C. 57556/28 [No. 5.]

No. 26.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

(Sent 12.15 p.m., 31st October, 1928.)

TELEGRAM.

[*Answered by No.* 27.]

No. 171. YOUR despatch No. 935 of the 20th of September.* Haifa Harbour. After discussion of labour questions referred to with Crown Agents and Consulting Engineers I have reached following provisional conclusions (*a*) that there should be a minimum wage at the rate of 150 mils per diem (*b*) that with a view to ensuring employment of fair proportion of Jewish labour, contractor should be paid a small bonus of 40 or 50 mils a day for every Jew employed on condition that wage-rate for Jews should be higher than that for Arabs by amount of bonus (*c*) that importation of unskilled labour should be restricted as proposed by you except that authority for granting certificates of indispensability should be Consulting Engineers and not Director of Public Works. I am advised that this amendment of your proposal is desirable as likely to be more acceptable to contractors and less liable to cause friction in practice.

I realise of course that general effect of above proposals will be to increase total cost of project by an amount which cannot be estimated with any approach to accuracy but which must necessarily be considerable. My view is that on balance of all considerations this is a disadvantage that must be faced.

Please telegraph whether you agree to conditions (*a*) (*b*) and (*c*) above being inserted in invitations to tender.—AMERY.

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* No. 22.

C. 57556/28 [No. 6.]

No. 27.

THE OFFICER ADMINSTERING THE GOVERNMENT

to

THE SECRETARY OF STATE.

(Received 10.35 p.m., 9th November, 1928.)

TELEGRAM.

[*Answered by No.* 28.]

No. 178. 9TH NOVEMBER. Your telegram of 31st October No. 171.* Haifa Harbour. I have no objection to condition (*c*) or to (*a*) provided minimum wage definition is amplified in accordance with paragraph 3 of my despatch of 20th September, No. 935,† to provide for lower amount suggested for women, boys, messengers and cleaners. Presume your suggested condition (*b*) is actuated by fair-condition section of the Loan Act, but Director of Public Works secures adult Jewish unskilled labour at 150 mils from which it is arguable that in Palestine this constitutes fair wage not only for Arabs but also for Jewish unskilled labourers. Objections to (*b*) are firstly increase of cost of harbour by sum estimated at £80,000 which is large additional burden on Palestine taxpayers in respect of fair wage considerations which must be largely matter of (?) theory and of economic circumstances varying according to country. In this connection I would strongly deprecate insisting on English standard in country of Palestine's geographical and economic situation. Secondly, such public discrimination between Arabs and Jews in favour of the latter is likely to be attacked under Article XV of the Mandate. Thirdly, bonus would not encourage contractor whose only interest would be to obtain the best value for his own payment, since I am advised that Jewish labour is inferior to Arab in semi-skilled work in quarries and in the type of unskilled work likely to be paid for at daily rate while Jews can compete in semi-skilled concrete work. You will not overlook consideration that in skilled work required Jews will also compete favourably. See in this connection paragraph 4 of my despatch quoted above pointing out that harbour will be constructed principally on piece-work whereby problem will probably be solved in practice to a considerable extent since the current Public Works Department pay-sheet reveals that Jewish piece-workers earn on average 20 to 25 per cent. above Jewish daily rate.

If you consider it would be difficult to convince Parliament on these lines choice lies between your proposal(s) and raising minimum wage. Objection to racial discrimination might be met if bonus were paid on basis of organised as against unorganised labour but this would probably induce Arabs to form Union and thus prove even more costly. Objection to raising of minimum wage is that such step would probably raise rates throughout Palestine not only for Government but for private (? enterprise) thereby seriously crippling Government programme which in 1929 is estimated at double local expenditure on the harbour as well as private enterprise and would tend to perpetuate uneconomic rates of wages. I am prepared if you consider it essential to recommend standard wage of 170 mils provided it is possible to limit this wage solely to construction of Haifa Harbour on the ground that some of the workmen may be living away from their homes for lengthy periods. Even this is estimated to increase cost by £60,000. I trust however that it may be feasible for my original proposal to stand.—LUKE.

C. 57556/28 [No. 7].

No. 28.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 12.50 p.m., 20th November, 1928.)

TELEGRAM.

[*Answered by No.* 29.]

No. 189. YOUR telegram No. 178‡ Haifa Harbour.

I agree that minimum wage definition should be amplified in accordance with paragraph 3 of your despatch of 20th September, No. 935.†

* No. 26. † No. 22. ‡ No. 27.

In suggesting payment of bonus for Jewish labour I was actuated not only by fair condition clause in Loan Act but by arguments advanced with some force by Zionist Organisation in letter* of which copy is being sent to you that labour and wages conditions in connection with works should be such as to attract Jewish labour. Zionist Organisation demand that it should be made a condition of the contract that a certain proportion of labour employed (they suggest 50 per cent.) should be Jewish. I am not prepared to impose an obligation of this character on the contractors, but it seems to me necessary to give some definite indication of desire to meet Jewish claims, which are not in themselves unreasonable.

Figure of £80,000 given by you as cost of bonus proposal is not understood, since it represents bonus of 50 mils per day for some 1,750 men for period of three years. Nor do I consider that payment of bonus could be attacked on any reasonable interpretation of Article 15 of Mandate. I agree that, if Jewish labour is much inferior to Arab in class of work required, bonus will not result in employment of Jewish labour, but offer of a bonus will at least serve to show that the Palestine Government has made some attempt to meet Jewish claims in this matter.

I consider that bonus proposal is preferable to raising of minimum wage to 170 mils and I trust that on reconsideration in light of arguments now adduced you will be prepared to accept that proposal.—AMERY.

C. 57556/28 [No. 10].

No. 29.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 5 p.m., 25th November, 1928.)

TELEGRAM.

[*Answered by No.* 31.]

No. 187 of 25TH NOVEMBER. Your telegram of 20th November, No. 189,† Haifa Harbour.

No. 1. The estimate £80,000 additional cost is based on Director of Public Works estimate of wages bill from £400,000 to £500,000 principally on skilled and semi-skilled labour. Assuming 50 per cent. Jewish labour, bonus of 50 mils on minimum wage of 150 mils increases wages bill by one-third of £200,000 to £250,000 since daily wage rate is basis rate for piece work by which most of the construction will be done.

No. 2. I assume that bonus proposal applies only to those unskilled Jewish labourers who but for bonus would receive minimum wage; otherwise contractor could claim bonus for (?) every skilled Jew employed to whom he paid additional 50 mils.

No. 3. Whilst of course prepared to defer to your views I repeat that unrestricted bonus will exacerbate Arab feelings without necessarily proving inducement to employ Jewish labour. Both from political point of view as well as from that of meeting Jewish desire not only in theory but in practice I consider it preferable to require contractor to employ minimum of say 30 per cent. Jewish unskilled labour if available receiving bonus of 50 mils for every Jew employed up to that percentage.—LUKE.

C. 57105/28 [No. 65].

No. 30.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 26th November, 1928.)

(Confidential B.)

SIR, Government Offices, Jerusalem, 16th November, 1928.

I HAVE the honour to refer to your Confidential despatch of the 2nd August‡ forwarding the notes of Mr. F. Palmer, C.I.E., in regard to Haifa harbour works, and to inform you that I am taking steps to reserve by lease:—

(*a*) the land which will be required during the period of construction for the rails connecting the quarry at Athlit with the main track;

*No. 25. † No. 28 ‡ No. 15.

(*b*) the area for the storage of construction materials; and
(*c*) a strip connecting that area with the western end of the rubble dyke on the shoreward side of the harbour.

If necessary, the powers of expropriation given by the Expropriation of Land Ordinance, 1926, will be invoked.

2. In the preliminary note (E), General Conditions, sent to the tenderers, it is observed that provisional estimates of the cost of such items as drainage culverts, electric lighting and equipment are invited. I suggest that it might be more economical if the Department of Public Works of this Government were to carry out such works as well as the building of the Customs bonds. The Department is in a position to undertake such works sectionally in response to the demand of developing trade. I appreciate that my suggestion is open to the objection that the tenderers might increase their prices on the other works if such items were eliminated from the contract. Nevertheless, when tenders are submitted, and if the items in question are not to form a definite part of the contract, the method of carrying them out which I suggest may be found the most advantageous.

3. I am of the opinion that the need of building a separate oil jetty out from the shore in the lee of the harbour should engage early attention. While the berthage provided in the present plans will suffice for a period of years for general shipping, there are no berths for oil tankers, and although there are not as yet oil depots at Haifa of such importance as to command tankers, the possibility of the debouchment of the Mosul pipeline at Haifa and the transformation of Haifa into a major oiling port, is by no means remote.

The construction of a jetty for the purpose would not present much difficulty, since the new line of the outer mole extends further out to the sea than the old, and will give good shelter a long distance out to the eastward. Dredging outside the harbour will, however, doubtless be necessary to permit oil tankers to get alongside.

I have, &c.,
H. C. LUKE,
Officer Administering the Government.

C. 57556/28 [No. 11].

No. 31

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

[*Answered by Nos. 33 and 35.*]

(Confidential D.)

SIR, Downing Street, 29th November, 1928.

I HAVE the honour to acknowledge the receipt of your telegram No. 187 of the 25th November* in regard to the proposal that a small bonus should be paid for Jewish labour employed on the Haifa harbour works.

2. The assumption in the second paragraph of that telegram is correct. It was my intention that the bonus of, say, 50 mils per day should be paid only in respect of Jewish unskilled labour. The payment of the bonus would be conditional on:—

(1) The minimum daily wage for Jewish unskilled labour being higher than that for Arab unskilled labour by the amount of the bonus; and

(2) Piece-work rates for unskilled labour being fixed on the basis of the minimum daily wage rates, thus ensuring a difference of approximately 50 mils per day between wages of unskilled Jewish and Arab labour employed on piece-work.

I have assumed that no Jewish skilled labour would be employed at a lower wage (whether on day-work or piece-work) than 200 mils per day, *i.e.*, the figure which, under the proposals outlined above, would be the minimum wage for Jewish unskilled labour. I shall be glad if you will confirm this assumption

3. I regret that I still do not understand the figure of £80,000 at which you estimate the additional cost of the harbour works if the bonus proposal were adopted. According to paragraph 4 of the third enclosure to your despatch No. 935 of the 20th of September,† it is probable that "at no time would there be more than a thousand skilled and unskilled labourers employed on the harbour construction . . . .

* No. 29.

† No. 22.

About 300 men would be employed in the quarry and another 200 men on making concrete blocks. Some of these would be unskilled men, but the majority would be semi-skilled." It is not clear whether or not the figure of "a thousand . . . . . labourers" includes the men employed on quarrying and making blocks. Even if not, the total number of employees would not, it seems, exceed 1,500 of whom a large number will be skilled or semi-skilled workmen. Supposing that the number of Jewish unskilled labourers is as high as 500, the cost of the bonus proposal would not appear to be more than £P.22,500, *i.e.*, 50 mils per day for 500 men for 900 working days. It appears that the difference between this figure and that quoted by you may be due to some misunderstanding as to the nature of which you will no doubt inform me.

4. In the third paragraph of your telegram you represent that the offer of a bonus for an unrestricted number of Jewish labourers would exacerbate Arab feeling without necessarily inducing contractors to employ Jewish labour. In putting forward the suggestion for a bonus in preference to a proposal that contractors should be required to employ a minimum percentage of Jewish labour, I was influenced by two considerations, namely:—

(*a*) That at the meeting of the 13th September, of the minutes of which a copy was enclosed in your despatch No. 935 of the 20th September, you had informed the representatives of Jewish labour that you were not prepared at any time to fix a minimum percentage of Jewish labour; and

(*b*) That the bonus proposal would show that the Palestine Government had made some attempt to meet Jewish claims in this matter, but would not commit them to the employment of any Jewish unskilled labour. In this connection I am advised by the Consulting Engineers that Jewish unskilled labour is not only more expensive in actual wages but also of inferior quality, and that in consequence a tenderer, if he is to be bound by the terms of his contract to employ some fixed proportion of such labour, would have to increase his estimate to compensate for the lower output.

5. From the point of view of its political effect in Palestine, the matter is one on which I recognise that you are in the best position to form an opinion. For this reason I have no wish to press on the Palestine Government the views which I have set out in correspondence ending with your telegram under reference. On the contrary, I am prepared to accept any solution which both enables me to satisfy myself that fair conditions of labour will be observed in the construction of the harbour and which, so far as is possible, meets the not unreasonable claims advanced by the Zionist Organisation in their letter of the 9th October,* of which a copy was enclosed in my despatch No. 987 of the 22nd November.† I should be glad, therefore, if the whole matter may be laid before Sir John Chancellor on his arrival, and if he will inform me by telegram, which should reach me as soon as possible, whether he supports the recommendation made in the third paragraph of your telegram No. 187.

6. I shall also be glad to receive at an early date information on the following points:—

(1) Whether, and if so at what figure, it is proposed to fix a maximum working week for employees on the harbour works other than piece-workers;

(2) Whether it is proposed to adopt any of the suggestions put forward in paragraph 13 of the Zionist Organisation letter as to the payment of subsistence allowance, arrangements for health insurance, &c.; and

(3) What reply should be made to paragraph 16 (Sabbath rest) and 18 (preliminary works) of that letter?

The questions raised in paragraphs 7 (restriction on foreign labour) and 17 (use of local material) can be answered on the basis of the decisions already taken.

I have, &c.,
L. S. AMERY.

* No. 25.

† C. 57656/28 [No. 8]: not printed.

C. 57105/28 [No. 66].

No. 32.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 34.]

Downing Street, 4th December, 1928.

GENTLEMEN,

WITH reference to the letter from this Department of the 7th of August* regarding the proposed new harbour works at Haifa, I am directed by Mr. Secretary Amery to transmit to you for the observations of the Consulting Engineers a copy of a despatch† which has been received from the Officer Administering the Government of Palestine.

2. As regards paragraph 3 of the accompanying despatch, it would appear from paragraph B on page 3 of the first sub-enclosure to your letter of the 13th of July‡ that there may be provision for oil tankers under the existing scheme.

I am, &c.,
O. G. R. WILLIAMS.

C. 57556/28 [No. 14].

No. 33.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 2.27 p.m., 11th December, 1928.)

TELEGRAM.

No. 194 OF 11TH DECEMBER. Paragraph 5 of your despatch of 29th November, Confidential D.§ I support the recommendation made in third paragraph of Officer Administering the Government's telegram No. 187.‖ Other points in your despatch are being dealt with in the despatch which follows by post.—CHANCELLOR.

C. 57105/28 [No. 69].

No. 34.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

4, Millbank, Westminster, London, S.W.1,
17th December, 1928.

SIR,

I HAVE the honour to acknowledge the receipt of your letter of the 4th December,¶ transmitting copy of a despatch dated 16th November† which had been received from the Officer Administering the Government of Palestine regarding the proposd new harbour at Haifa.

2. A copy of your letter and a copy of its enclosure were forwarded to Messrs. Rendel, Palmer, and Tritton, and we now enclose a copy of their letter of the 12th December. In paragraph 2 of the despatch from Palestine it was suggested that certain of the works which may be necessary in connection with the construction of the proposed harbour should be carried out by the Public Works Department, but it will be seen that the Consulting Engineers express the view that all the works required in the initial stage of development should be carried out by contract. We are of the opinion that there are great objections to a contractor and a Government Department carrying out simultaneously works on the same site.

3. It will be noted from the last paragraph of the Consulting Engineers' letter that excellent berthage facilities for tankers can be put in hand at any time the demand arises.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

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* C. 57105/28 [No. 45]: not printed. † No. 30. ‡ No. 13. § No. 31. ‖ No. 29. ¶ No. 32.

Enclosure in No. 34.

FROM MESSRS. RENDEL, PALMER, AND TRITTON to CROWN AGENTS.

12-15, Dartmouth Street,
Westminster, London, S.W.1,

GENTLEMEN,

12th December, 1928.

Haifa Harbour.

WE have to acknowledge your letter of the 6th instant with its enclosures.

1. We note the arrangements for reserving lands, which appear quite satisfactory.

2. We note it is suggested that certain minor harbour works should be selected and reserved for the Department of Public Works

As you know, the harbour as now planned is considerably larger and will cost more than was originally schemed, and the utmost economy is essential. The question of Departmental construction versus contract has been very fully discussed, and after most careful consideration it was decided to carry out the works by contract. This, as we have previously stated, we consider is the best and cheapest method.

In order to keep the cost as low as possible we have only included in the contract documents such works as are absolutely necessary for the efficient working of the harbour in its initial stage. If and when the trade outgrows the first stage of development, such additions as may be necessary can probably be satisfactorily carried out by the Department of Public Works, but so far as the initial stage of development is concerned, we consider it would be a mistake to depart from the principle of one contract for the whole of the works.

3. We note the suggestion that the question of berthage for oil tankers should engage early attention.

This possibility has received our fullest consideration from the start, and it was with a view to encouraging oil developments at Haifa that the present layout was adopted. This matter was fully discussed by us with His Excellency the Governor in December, 1927.

Excellent berthage for tankers can be put in hand at any time the demand arises. Should it be decided to make Haifa the pipe-line terminal, the construction of a safe oil-dock within the harbour can proceed concurrently with the main harbour works.

Yours, &c.,
RENDEL, PALMER, AND TRITTON.

C. 57556/28 [No. 15].

No. 35.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 24th December, 1928.)

(Confidential " E.")

Government Offices, Jerusalem, 14th December, 1928.

SIR,

I HAVE the honour to acknowledge the receipt of your despatch Confidential D of the 29th November* on the subject of the Haifa harbour works, paragraph 5 of which has already been answered by my telegram No. 194 of the 11th instant.†

2. I hereby confirm the correctness of the assumption in paragraph 2 of your despatch that no Jewish skilled labour will be employed at a lower wage (whether on day or piece-work) than 200 mils per day.

3. In reply to paragraph 3 of your despatch on the subject of the figure of £80,000 estimated as the additional cost of the harbour works if the bonus proposal is adopted, I enclose herewith a memorandum, together with a covering letter, prepared by the Director of Public Works, in which Mr. Pudsey sets out in detail how he arrives at that figure.

As regards the difference between the figure as estimated by Mr. Pudsey and that suggested by you, viz., £22,500, I would observe that you are assuming that, as regards piece-workers, only Jews will be affected by the bonus. Mr. Pudsey, on the other hand, considers in the light of his experience that it will be found difficult, so far as piece-work is concerned, rigidly to maintain this differentiation in any one class

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* No. 31. † No. 33.

of work where the two races are employed side by side. It is of course true that, so far as day-work is concerned, only Jews will benefit by the bonus; but, as has already been pointed out, it is the daily rates which govern the rates of piece-work.

It is possible that actual experience of the progress of the work will show that some such differentiation may after all prove feasible, and that it may be possible in practice to allot specific tasks exclusively to one race or the other. Should this be the case, then the increased expenditure will not amount to as much as £80,000; on the other hand the Director of Public Works cannot at this stage be positive that it will be so. In Mr. Pudsey's opinion it will be difficult for the contractor, even on those tasks upon which Arabs alone are employed, to pay a wage which those Arabs will know to be materially below the rate paid to Jews on other harbour tasks.

These circumstances will doubtless be brought to the notice of the tenderers.

4. I have the following observations to offer regarding the queries contained in paragraph 6 of your despatch:—

(1) While the minimum wage of P.T.15 is based on an 8-hour day (48 hours week), it will be undesirable to limit a maximum week of 48 hours for the employees on the harbour works other than piece-workers. The normal Public Works Department hours are 54 a week, and I would not recommend that any maximum below this should be insisted upon.

(2) It is not proposed that Government should take steps as regards subsistence allowance and arrangements for the health insurance of workers.

Contractors could not be required to contribute to the Jewish Workmen's Sick Fund (Kupat Holim), but they will of course be required to insure for compensation the workmen affected under the Workmen's Compensation Ordinance.

It is conceivable that the contractor might find it desirable to construct hutments for Jewish workers living at a distance; on the other hand there is probably a sufficiency of Jewish labour already established at Haifa to make it unnecessary to call upon Jewish labour living farther afield.

As regards the quarrying, which will take place some 10 to 12 miles from Haifa, the contractor will doubtless either provide hutments, or make arrangements with the Palestine Railways for workmen's trains.

(3) As regards Sabbath rest, it is proposed that a day of rest should be allowed not only to Jewish workers but also to those of other creeds. This day of rest will normally and so far as is practicable be of course that of the faith concerned, although you will realise that there may be cases of overriding technical considerations (*e.g.*, of men of different faiths working on one machine), or of special urgency, where it would be essential in practice for this principle to be relaxed.

As regards preliminary works I do not recommend that any of these should be undertaken by Government, since there is no practical necessity for this course; moreover, the arrangements for the taking over of any such works by the contractors would probably be found to be complicated and unsatisfactory.

5. I confess that I do not feel in the light of my present knowledge entirely satisfied that differentiation between the two races as regards wages, by whatever means it be effected, will make for the harmonious carrying out of the harbour works. Both on this account, and in view of other possible contingencies, I should not like to exclude altogether the possibility of reverting to the original proposal that the work be carried out departmentally.

I have, &c.,
J. R. CHANCELLOR,
High Commissioner for Palestine.

Enclosure in No. 35.

(Confidential.) Public Works Department,
CHIEF SECRETARY, Jerusalem, 12th December, 1928.

I SEND herewith a memorandum showing the computation of the figure of £P.80,000 which in my opinion is a fair estimate of what the increased cost of Haifa Harbour will amount to if a bonus of 50 mils is given to Jewish unskilled labour.

As you are aware I am not in favour of a bonus being given for I do not consider it will encourage the employment of Jews. In actual practice I believe that a fair proportion of Jews will naturally be employed on concrete work without special considerations being given and the problem will automatically solve itself. If, however, it is absolutely necessary to ensure the employment of a definite percentage of Jewish labour a solution should be attempted by reserving special works for this labour.

The minimum wage of 150 mils as proposed was based on an eight-hour day. Piece-rate workers will probably wish to work more than 48 hours per week and no bar to this can be inserted in the conditions of contract.

FAWCETT PUDSEY,
Director of Public Works.

(Confidential.)

MEMORANDUM SHOWING HOW INCREASE OF £P.80,000 IN ESTIMATED COST OF HAIFA HARBOUR, ON ACCOUNT OF SUGGESTED BONUS OF 50 MILS PER DIEM TO BE PAID TO JEWISH UNSKILLED LABOURERS, IS CALCULATED.

Messrs. Rendel, Palmer and Tritton's estimate for the construction of Haifa Harbour amounts to £P.1,250,000.

Before arriving at the total labour bill it is necessary to make the following deductions from the total estimated cost:—

	£P.
Purchase of construction plant, including a dredger ...	200,000
Contractor's profit 20 per cent. on £P.1,050,000	210,000
Contractor's overhead charges, approx., 8 per cent. on £P.780,000, say	60.000
(£P.780,000 + £P.60,000 = £P.840,000 = £P.1,050,000 − £P.210,000)	
	£P.470,000

leaving a sum of £P.780,000 available for the net cost of the construction.

The main items of the construction are:—

	Estimated cost.	*Estimated cost of semi-skilled and unskilled labour only.*
	£P.	£P.
Provision of construction, sidings, second-hand material	10,000	2,000
Quarrying, including loading of stone	200,000	120,000
Transport by Palestine Railways	40,000	—
Main and lee breakwater	80,000	50,000
Concrete block wharf	200,000	60,000
Reclamation dykes and rubble facing	50,000	30,000
Dredging	50,000	—
Levelling of spoil in reclaimed area	5,000	5,000
Customs bonds	60,000	5,000
Sidings, cranes, &c.	30,000	2,000
Moorings	5,000	—
Roads	10,000	6,000
Contingencies, say	40,000	5,000
	780,000	285,000

Of this estimated wage bill of £P.285,000 it is assumed that some £P.240,000 will be paid for piece-work and the piece-work rates for semi-skilled and unskilled men will be based on the average daily pay. If the daily pay is raised from 150 mils to 200 mils then the piece-work rates will be raised proportionately, *i.e.*, by 33⅓ per cent. = £P.80,000 on £P.240,000.

Piece-workers will probably earn from 200 to 350 mils per day according to the nature of their work, and it is presumed that no differentiation will be made between Arab and Jew earning this pay and working side by side. If this is so the

piece-work rates to be paid to the Arab will be increased on account of the suggested bonus to the unskilled Jewish labour.

The foregoing figures are of course only empirical as no close detail has been gone into and the final specifications and plans are not to hand. Also contractors differ largely in their methods as some employ more mechanical labour-saving units than others.

Though the harbour breakwaters, wharf and retaining dykes, &c., may be finished in three years it is unlikely that all the supplementary works will be finished in less than five years and £P.80,000 paid in bonus at the rate of 50 mils represent the employment of some 1,070 men for five years or 1,330 men for four years, which, as the suggested bonus will affect such a large proportion of the labour, is not unreasonable.

12th December, 1928.

FAWCETT PUDSEY.

C. 57500/28 [No. 49].

No. 36.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 3.15 p.m., 27th December, 1928.)

TELEGRAM

[*Answered by No.* 37.]

209. CONFIDENTIAL. Your despatch of 27th November, Confidential A* and previous correspondence. Haifa Harbour. In view of unfavourable opinion of Law Officers and difficulties raised by Foreign Office as to effect of assurances given to foreign Governments and firms I have reluctantly reached conclusion that in all the circumstances course presenting least disadvantage is to revert to some form of departmental construction. Presume you see no insuperable objection to this. Will address you further after discussion with Crown Agents.—AMERY.

C. 57500/28 [No. 54].

No. 37.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 2.21 p.m., 28th December, 1928.)

TELEGRAM.

[*Answered by No.* 41.]

No. 206 OF 28TH DECEMBER. Your telegram of 27th December No. 209.† No insuperable objection(s); see paragraph 5 of my despatch of 14th December Confidential E.‡—CHANCELLOR.

C. 57500/28 [No. 50].

No. 38.

COLONIAL OFFICE to FOREIGN OFFICE.

[*Answered by No.* 40.]

SIR, Downing Street, 29th December, 1928.

WITH reference to the letter from this Department of the 27th of November§ and previous correspondence regarding the question of tenders for the proposed harbour works at Haifa, I am directed by Mr. Secretary Amery to request you to inform Secretary Sir Austen Chamberlain that, in view of the unfavourable opinion expressed by the Law Officers of the Crown in their letter of the 12th of November,‖ he has reached the conclusion that, in all the circumstances, the least disadvantageous course open to the Palestine Government is to revert to some form of departmental

* C. 57500/28 [No. 47]: not printed. † No. 36. ‡ No. 35.
§ C. 57500/28 [No. 38]: not printed.
‖ No. 57 in Volume VIII of Law Officers' Opinions Series.

construction, which was the method previously contemplated for carrying out these works.

2. Mr. Amery presumes that Sir Austen Chamberlain will agree with him that there can be no question of such a procedure being held to be inconsistent with the obligations of His Majesty's Government under the mandate for Palestine, or with any assurances given by them to foreign Governments or firms in regard to the possibility of their participation in public works to be carried out in Palestine.

3. The Secretary of State is in correspondence with the High Commissioner and the Crown Agents for the Colonies regarding the proposed procedure to revert to departmental construction, and in view of the great delay which has occurred in regard to the carrying out of this work, he would appreciate a very early reply to this letter.

I am, &c.,
J. E. SHUCKBURGH.

C. 67025/29 [No. 2].

No. 39.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

4, Millbank, Westminster,
SIR, London, S.W.1, 26th January, 1929.

I HAVE the honour to acknowledge the receipt of your letter of the 18th January* transmitting copy of a despatch with enclosures which had been received from the High Commissioner for Palestine regarding the quarry site at Athlit for the Haifa harbour works.

2. We forwarded a copy of the report and a set of the photographs which accompanied the High Commissioner's despatch to Messrs. Rendel, Palmer, and Tritton, who now inform us that they think the blue prints which accompanied our letter of the 28th December,† should be sent to the High Commissioner to permit the precise extent of the areas it is desired to reserve to be marked thereon.

I have, &c.,
F. G. BRADSTREET,
for Crown Agents.

C. 67026/29 [No. 21].

No. 40.

FOREIGN OFFICE to COLONIAL OFFICE.

SIR, Foreign Office, S.W.1, 31st January, 1929.

WITH reference to your letter of 29th December last,‡ to Foreign Office letter of 4th January,§ and to subsequent semi-official correspondence relative to the proposed harbour works at Haifa, I am directed by Secretary Sir Austen Chamberlain to transmit to you, for the information of Mr. Secretary Amery, the accompanying copies of Notes‖ which he has addressed to the United States Ambassador and to the Italian Chargé d'Affaires, in reply to Monsieur Bordonaro's note of 31st August last, of which a copy was sent to you in Foreign Office letter of 10th September last.¶

2. In view of the serious difficulties which have arisen with foreign Powers in connection with the original proposal to limit invitations to tender for these works to certain selected British firms, I am to express Sir Austen Chamberlain's hope that the greatest care will be taken, in proceeding with the execution of the proposed works departmentally, to avoid giving occasion for further international protests in this sphere, and that, in particular, the promises which were given locally in 1921 and 1922 to Italian firms, that they should be given an opportunity to tender if tenders were at any time invited, will be observed.

I am, &c.,
MONTEAGLE.

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* C. 57105/28 [No. 72]: not printed. † C. 57105/28 [No. 70]: not printed.
‡ No. 38. § C. 67026/29 [No. 2]: not printed. ‖ Not printed.
¶ C. 57500/28 [No. 9]: not printed.

C. 67026/29 [No. 26].

No. 41.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 6 p.m., 5th February, 1929.)

TELEGRAM.

[*Answered by Nos.* 49 *and* 56.]

No. 19. CONFIDENTIAL. (1) Your telegram No. 206 of 28th December,* Haifa harbour works. After further discussion with Foreign Office I have reached conclusion that, as contemplated in your despatch of 14th December, Confidential E,† the works should be carried out departmentally. Notes in this sense have been addressed to Italian and American Ambassadors and copies are being sent to you by mail of 7th February. Please await receipt of despatch before replying to local inquiries.

(2) Crown Agents are being asked to consult Consulting Engineers and advise as to precise form of departmental construction to be adopted and next steps to be taken. I will communicate with you again on receipt of Crown Agent's views, but in the meantime should be glad of any views you may have on the matter. Crown Agents have been asked to consider suggestion made in your private letter of 31st December‡ as to possibility of obtaining staff and plant from Pearson's.

(3) You will doubtless wish to reconsider your views on labour questions (your despatch Confidential E of 14th December) in the light of above decision and of paragraph 4 of Note to American Ambassador referred to above, and having regard to possibility that part of work will now be carried out piecemeal by petty contract. Please furnish your views on this question as soon as possible after receipt of copy of Note.—AMERY.

C. 67026/29 [No. 27].

No. 42.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential C.)

SIR, Downing Street, 7th February, 1929.

I HAVE the honour to refer to my telegram No 19 of the 5th of February§ on the subject of the Haifa harbour works, in which I informed you that I had reached the conclusion that, as contemplated in your despatch Confidential E of the 14th of December,† the works should be carried out by some form of departmental construction.

2. I now enclose copies of the Notes,‖ referred to in my telegram, which have been addressed to the American and Italian Ambassadors, together with copies of the Notes¶ to which they are replies. A copy of the covering letter** from the Foreign Office is also enclosed for your information. If, as is possible, contracts are let out locally for the supply of materials or the execution of sections of the work, you will doubtless bear in mind the considerations advanced in the Foreign Office letter of the 31st of January.** I presume, however, that in the letting of such contracts, it will be the policy of your Government to give preference to local labour and to materials produced in Palestine.

3. You will doubtless cause replies on the lines of the Note to the American Ambassador to be returned to the inquiries which you have received from the United States and Italian Consuls-General at Jerusalem. As regards the inquiry addressed to the Palestine Department of Customs, Excise, and Trade, by a Dutch firm, a copy of which formed the enclosure to Mr. Luke's despatch Confidential B of the 16th of August,†† and any other inquiries which may have been received from individual firms, I consider that it will be sufficient merely to reply that the construction of the works is to be carried out departmentally, and that invitations to tender for the work under contract will not therefore be issued.

I have, &c.,
L. S. AMERY.

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* No. 37. † No. 35. ‡ C. 67026/29 [No. 23]: not printed. § No. 41. ‖ Not printed.
¶ Enclosures to No. 40: not printed. ** No. 40. †† C. 57500/28 [No. 5]: not printed.

C. 67026/29 [No. 28].

No. 43.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 45.]

GENTLEMEN, Downing Street, 8th February, 1929.

I AM directed by Mr. Secretary Amery to refer to the conference held at the Colonial Office on the 11th of January to consider questions in connection with the Haifa harbour works, and to inform you that it has now been definitely decided that the system of tendering for the construction of the works under a single contract must be abandoned, and that the work must be carried out departmentally, contracts being let out locally for the supply of materials or the execution of sections of the work as circumstances permit. A copy of a telegram* which has been sent to the High Commissioner for Palestine on the subject is enclosed herewith for your information.

2. Mr. Amery would be glad if you would consider in consultation with the Consulting Engineers the precise method of departmental construction to be adopted and the next steps to be taken in the matter. If you consider that a preliminary discussion with representatives of the Colonial Office is desirable, you will doubtless suggest a date and time for a conference, which could most conveniently be held at the Colonial Office.

3. You will observe from the enclosed telegram that the High Commissioner has been asked to furnish any views he may have to offer on the above question. A further communication will be addressed to you on receipt of Sir John Chancellor's reply, but Mr. Amery is anxious that consideration of the question here should not be delayed in the meantime.

4. I am to request you to notify the British firms who were proposing to tender for the contract of the decision that the work is to be carried out departmentally. If you consider it necessary or desirable to give any reason for the decision when communicating it to the firms in question, they should be informed that labour and other difficulties have arisen which render it impracticable to proceed with the proposal to invite tenders for the construction of the whole of the work under contract. To such other firms from whom you have received or may receive inquiries on the subject, you will, doubtless, reply that it has been decided to carry out the work departmentally, and that invitations to tender for the work under contract will not, therefore, be issued.

I am, &c.,
O. G. R. WILLIAMS.

C. 67025/29 [No. 5].

No. 44.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 51.]

SIR, 4, Millbank, Westminster, London, S.W.1, 11th February, 1929.

IN continuation of our letters of the 26th January,† I have the honour to again refer to your letter of the 18th January,‡ transmitting copy of a despatch with enclosures from the High Commissioner for Palestine regarding the quarry site at Athlit for Haifa harbour works.

2. We now enclose, for the information of the Secretary of State, a copy of a letter dated 7th February, which we have received from Messrs. Rendel, Palmer, and Tritton regarding this matter. We also enclose the 31 photographs which accompanied the High Commissioner's despatch.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

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* No. 41. † No. 39. ‡ C. 57105/28 [No. 72]: not printed.

Enclosure in No. 44.

12-15, Dartmouth Street, Westminster,
GENTLEMEN, London, S.W.1, 7th February, 1929.

HAIFA HARBOUR.

Quarry Site.

YOUR letter of the 22nd ultimo having been duly received, enclosing a copy of the preliminary report of the Department of Antiquities upon excavations made at Wady-al-Mughara, this report has been perused with much interest and is now returned as requested, together with the 31 photographs which accompanied it, the plan of the cave being detached as this is understood to be for our retention.

With reference to the inquiry of the Colonial Office regarding the blue prints which were enclosed with our letter of the 14th December, we confirm having verbally advised you that in our opinion, notwithstanding the receipt of the report, these plans should still be forwarded to the Palestine Government. We trust this has now been done, in order to obtain the information requested as to the precise extent of the areas it is desired to reserve and whether any interference with access to the valley is likely to be caused by these reservations. As pointed out in earlier letters, the site was chosen as the result of extensive investigation and its suitability for quarrying stone of the quality required for the harbour breakwaters is not confined to the bluffs at the entrance, which alone contain the majority of the caves mentioned in the report.

Yours faithfully,
RENDEL, PALMER, AND TRITTON.

C. 67026/29 [No. 35].

No. 45.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 48.]

SIR, 4, Millbank, Westminster, London, S.W.1, 13th February, 1929.

I HAVE the honour to acknowledge the receipt of your letter of the 8th February* informing us that the system of tendering for the construction of the Haifa harbour works under a single contract has been abandoned and that the work is to be carried out departmentally and enclosing a copy of a telegram† which has been sent to the High Commissioner of Palestine on the subject.

2. In paragraph 2 of your letter you instruct us, in consultation with the Consulting Engineers, to consider what should be the next steps to be taken in the matter. We would strongly urge that no steps should be taken in the matter in Palestine until we have received a detailed estimate from the Consulting Engineers showing what, in their opinion, is going to be the exact total cost of the scheme.

3. The Bills of quantities for the works were taken out some time ago with a view to their being sent to the contractors to price out when the question of carrying out the work by contract was under consideration. These quantities will now have to be priced out by the Consulting Engineers and about a fortnight ago, on instructions received on the telephone from Sir John Shuckburgh, we instructed the Consulting Engineers to proceed with this pricing. We have again communicated with the Consulting Engineers to find out how the matter stands and they inform us that owing to the illness of so many of their staff they have not been able to complete the work. Unfortunately too Mr. Palmer, who has had the matter in hand, was ordered abroad for a fortnight by his doctors and will not be back till the 26th of this month.

4. We would suggest, therefore, that the discussion with representatives of the Colonial Office proposed in your letter might be postponed till Mr. Palmer returns, and in the meanwhile we will impress on the Consulting Engineers that the detailed estimate must be ready before the date of his return. The Consulting Engineers can also submit their proposals regarding staff and prepare lists of plant, stores, &c., which it will be necessary to purchase.

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* No. 43 † No. 41.

5. In accordance with your instructions we will notify the British firms who were proposing to tender for the contract of the decision that the work is to be carried out departmentally and that invitations to tender will not be issued.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

C. 67025/29 [No. 3].

No. 46.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(No. 118.)

SIR, Downing Street, 13th February, 1929.

I HAVE the honour to refer to your telegram No. 191 of the 2nd of December, 1928,* regarding the quarry site at Athlit for the Haifa harbour works, and to transmit herewith, for your information the accompanying copy of correspondence† which has been exchanged with the Crown Agents for the Colonies together with a copy of a letter‡ which was addressed to the Crown Agents on the receipt of your despatch No. 1283 of the 21st of December,§ and of their letter‖ in reply thereto.

2. I shall be glad if you will arrange for the precise extent of the areas which it is desired to reserve to be marked on the blue prints enclosed in the letter from the Crown Agents for the Colonies of the 28th December, 1928, and for one of the prints to be returned to me for transmission to the Consulting Engineers.

I have, &c.,
L. S. AMERY.

C. 67025/29 [No. 4].

No. 47.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential.)

SIR, Downing Street, 13th February, 1929.

I HAVE the honour to refer to my despatch No. 118 of to-day's date¶ and to the correspondence ending with your telegram No. 206 of the 28th of December, 1928,** regarding the execution of the harbour works at Haifa and the question of reverting to some form of departmental construction, and to inform you that the whole question is still under consideration.

2. I will address you further in the matter as soon as possible but it seems desirable that the Consulting Engineers should be furnished with the information asked for in my despatch under reference, whatever form of construction is eventually adopted.

I have, &c.,
L. S. AMERY.

C. 67026/29 [No. 36].

No. 48.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 16th February, 1929.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 13th of February†† regarding the proposed construction of harbour works at Haifa.

2. It is noted that you consider that no further steps should be taken in the matter in Palestine until you have received a detailed estimate from the Consulting Engineers.

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* C. 57105/28 [No. 67]: not printed.
† C. 57105/28 [Nos. 68 and 70]: not printed.
‡ C. 57105/28 [No. 72]: not printed.
§ C. 57105/28 [No. 71]: not printed.
‖ No. 39. ¶ No. 46. ** No. 37. †† No. 45.

3. Mr. Amery agrees that the preliminary discussion with representatives of the Colonial Office proposed in the second paragraph of the letter from this Department of the 8th of February* should be postponed until Mr. Palmer returns.

4. A copy of your letter is being sent to the High Commissioner for Palestine for his information.

I am, &c.,
H. N. TAIT.

C. 67026/29 [No. 38].

No. 49.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 11.45 a.m., 18th February, 1929.)

TELEGRAM.

[*Answered by No.* 50.]

No. 21 of 18th February. Your telegram of 5th February, No. 19,† paragraph 2. Glad to learn telegraphically how soon I may expect Crown Agents' advice as to the precise form of departmental construction and the next step to be taken in view of desirability of issuing public statement here.

C. 67026/29 [No. 39].

No. 50.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 8.45 p.m., 20th February, 1929.)

TELEGRAM.

No. 29. 20TH FEBRUARY. Your telegram No. 21,‡ Haifa Harbour. I am sending by mail of 21st February copy of correspondence with Crown Agents who strongly urge that no steps be taken in Palestine in connection with construction of harbour until detailed estimate, which Consulting Engineers are preparing, is available. I agree with this view but there would be no objection to your issuing (if you have not already done so) public announcement that works are to be carried out departmentally.—AMERY.

C. 67025/29 [No. 6].

No. 51

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 21st February, 1929.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 11th of February,§ in regard to the quarry site at Athlit for the Haifa harbour works, and to transmit to you herewith the accompanying copy of a despatch which was addressed to the High Commissioner for Palestine on the 13th of February‖ on the subject. Copies of your letter under reply, together with the enclosures thereto, have also been sent to the High Commissioner.

I am, &c.,
T. I. K. LLOYD.

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* No. 43. † No. 41. ‡ No. 49. § No. 44. ‖ No. 46.

C. 67025/29 [No. 10].

No. 52.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 54.]

4, Millbank, Westminster, London, S.W.1,
18th March, 1929.

SIR,

I HAVE the honour to enclose a copy of a letter from Messrs. Rendel, Palmer, and Tritton containing their proposals for the arrangements for constructing Haifa Harbour. These proposals deal with the staff required and supply such estimate of the total cost of the work as is at present possible.

2. With reference to the latter part of paragraph 2 of the letter, we are inclined to think that owing to the very special character of the work and its temporary nature, payment of the Resident Engineer on the salary, plus percentage basis, would be the best arrangement.

3. It will be seen that Mr. Palmer wishes to visit Haifa (leaving Naples on 7th April) to examine the site with the assistance of the staff detailed in his letter, and we trust, therefore, that the Secretary of State will be able to come to a very early decision with regard to the staff arrangements proposed.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

Enclosure in No. 52.

12-15, Dartmouth Street, Westminster, London, S.W.1,
14th March, 1929.

DEAR SIRS,

Haifa Harbour.

Now that it has been decided to proceed with the construction of this Harbour departmentally, we beg to place before you our proposals for carrying out the works.

2. We propose to place in charge as Resident Engineer, subject to your approval, Mr. G. C. Thompson, an Engineer with considerable experience in controlling works in the capacity of Contractor's Agent. He had charge of an important extension of the Port of London works for which Mr. Palmer was Engineer, and gave evidence, in carrying out a very difficult contract of having in great measure, just the experience of directing and controlling labour which is so essential to the success of work undertaken without the help of Contractors. We feel confident that he will not only be able to carry out the works successfully, but also with that close attention to costs which is so important in such cases.

The salary we have tentatively arranged with Mr. Thompson is £2,000 per annum to commence with, increasing to £2,500 when the work gets under way—a date to be fixed by us, but not exceeding a year hence. Alternatively, it is suggested that the fixed salary remain at £2,000, and that, in addition, he be paid a percentage on any saving he may effect on our estimated prices for quarried stone in the breakwater and rubble embankments. Quarried stone comprises the greater portion of the expenditure under the control of the Resident Engineer, and we think that this proposal has the advantage of serving as an incentive to keeping down costs, the main advantage of which would accrue to the Government. It is a practice invariably adopted by Contractors whose Agent is paid a fixed salary plus a percentage of the profits, and we think that, although unusual on Government service, this method of remuneration might be considered in this case.

3. The staff we think necessary to engage at once consists of :—

A senior Assistant Engineer as second in command, on a salary of £1,000 to £1,200 per annum.

An Engineer with mechanical training, to organize the collection and use of the necessary plant, on a salary not exceeding £1,000 per annum.

An Assistant Engineer, on a salary of £600 to £700 per annum; and

A Quarry Superintendent with experience in obtaining the large output of rock required for the breakwaters, at £650 per annum.

We think this is the minimum staff required for the commencement, and, when the work begins to open out, it will be necessary to appoint further Assistant Engineers at salaries probably ranging from £500 to £750 per annum.

4. We think it very important that there should be very close co-operation between ourselves and those on the site, and we suggest, as the best means of effecting this collaboration, sending in the first instance one, and later on two, of our own Assistant Engineers on tours of one year, overlapping by six months, so that there will always be at our office an assistant who has not been absent from the works for over six months and on the works an assistant who has not been away from our office over six months. This, we feel sure, will greatly facilitate the carrying out of the works. These men will, of course, be specially selected, and will act as Assistant Engineers on the Harbour during their tours in Palestine.

As salary for these men while seconded, we suggest the salary they earn in our office plus fifty per cent. for the time actually spent abroad. Passages will have to be found for these men, and their ordinary salary will be paid during the voyages.

5. There will be required in addition, as subordinate staff, Clerks of Works. Foremen, and Gangers, who will be appointed from time to time as required.

A first-class Accountant must be found to keep the accounts of the works and to keep the Resident Engineer in constant touch with costs. There will have to be engaged a good assistant and understudy to the Accountant, and it is probable that the rest of the clerical staff can be found, and engaged, locally.

A capable and experienced Storekeeper will also be required to attend to supplies and local purchases.

In all these cases free quarters will have to be provided, but men engaged locally will be expected to provide their own living accommodation.

6. The question of an estimate of cost has given us much concern. We feel that as so little is known of the cost in Palestine of large construction works, it would be better, in the first instance, if we submitted an estimate based on what we think the lowest competitive tender would have been from a first-class Contractor, and then later on, after say a year's working, a revised estimate based on the actual cost as disclosed during this period of work could be submitted. It appears to us that, by then, it will be possible to draw up a schedule of prices which should not differ largely from the final cost of the completed works. We enclose accordingly an estimate, the total figure of which is approximately £1,250,000, which has been based on the probable prices of a competitive tender with a ruling wage of 120 mils *per diem* for unskilled labour. Against this figure must be offset the potential value, less cost of development, of the reclaimed area for commercial and industrial building sites, as already discussed in our letter of 11th July, 1928.

The quantities in the schedule upon which our estimate has been based are net, and an allowance of 5 per cent. has been made for contingencies. No provision has been made for the cost of land nor for the surface drainage of the reclaimed area.

With regard to the permanent equipment of the Harbour, a sum of £14,200 has been included in the above total figure for the supply of four 2-ton wharf cranes, and it is suggested that the sum of £40,000 be added for the provision of two tugs.

7. The difficulty of giving an estimate forthwith has also largely been increased by the uncertainty in regard to the quarry site available. The quarry we had selected, after many months of search in conjunction with the Geological and Public Works Departments of the Government of Palestine, has been found to possess considerable antiquarian value, and we have not yet received back from the Government the plan of the quarry site sent for the purpose of having marked thereon the portions which it is desired to reserve for investigation.

8. His Excellency the High Commissioner will doubtless have come to a decision in this respect by the time the staff reaches the site, and, thereafter, there should be no difficulty in proceeding with the acquisition of the plant required. It may be that many items can be found available at once, but we feel sure that several items will have to be purchased direct from makers, and this, of course, entails some delay. It will be necessary for the Resident Engineer, and probably also the Engineer organizing the collection of plant, after having made a tour of the site, to return to this country to consult us in making their arrangements for plant and for the carrying out of the works.

9. However, much useful work of a preliminary nature can be undertaken immediately, such as the laying of the necessary railway lines and roads, the installation of a water supply at the quarry, and the building of staff quarters and office. These will be necessary in the first instance, as it is unlikely that any living accommodation will be available for renting, owing to the large influx of population during the past three or four years. And certainly there will be nothing available at the quarry, which is situated some 11 miles south of Haifa, and quarters will have to be built not only for the superintendent, but also for the labour engaged in quarrying.

10. We are sure you will recognize that, in a work of this magnitude and under this method of construction, it will be necessary for a member of the firm to pay frequent visits to Palestine, and this can be arranged for. We shall deal further with this subject in a later letter. We shall also have to arrange with you a system for indents for plant and materials required.

11. We propose that Mr. Palmer and Mr. Buckton shall go out to Haifa by the s.s. "Orsovo," sailing from Naples on 7th April, accompanied by the Resident Engineer, the Plant Engineer (if a suitable man is found in time), one of our Assistants who has recently returned from the survey work, and also the Quarry Superintendent.

12. With regard to the suggestion contained in your letter of the 13th ultimo that men and plant might be obtained from a particular firm, it is proposed that, even though it might be helpful to draw on such men or plant as they may have available, it would be best in the first instance to advertise the requirements and let the firm submit any proposals they wish in the ordinary course.

Yours faithfully,
RENDEL, PALMER, AND TRITTON

The Crown Agents for the Colonies,
4, Millbank, S.W.1.

HAIFA HARBOUR.

Estimated Cost of Works on the basis of Competitive Tender.

	£
Estimated value of lowest tender	1,130,050
Allow 5 per cent. for contingencies	56,502
	1,186,552
Less credit anticipated by the use of old rails obtained from the Palestine Government in place of the new rails specified	6,000
	1,180,552
EQUIPMENT:—	
Four 2-ton Wharf Cranes	14,200
Consulting Engineers' and Crown Agents' charges	60,000
Printing, legal, and miscellaneous, say	1,200
	1,255,952
EXTRA EQUIPMENT (not allowed for in original estimate):—	
Two tugs (one 100 ft., one 75 ft.)	35,770
Consulting Engineers' and Crown Agents' charges	4,053
	39,823

C. 67025/29 [No. 11].

No. 53.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 3.15 p.m., 20th March, 1929.)

TELEGRAM.

No. 45. My telegram No. 29 of 20th February,* Haifa Harbour. I have approved immediate appointment of Resident Engineer and certain other staff. Mr. Palmer, accompanied by some members of this staff, will leave Naples on 7th April by s.s. "Orsova" to inspect harbour site at Haifa. Despatch follows by mail of 21st March.—AMERY.

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* No. 50

C. 67025/29 [No. 12].

No. 54.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 61.]

GENTLEMEN, Downing Street, 21st March, 1929.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 18th March,* forwarding a copy of a letter in which Messrs. Rendel, Palmer, and Tritton submitted proposals in connection with the arrangements for the construction of Haifa Harbour.

2. Mr. Amery approves these proposals so far as they relate to the engagement of staff to be employed on the harbour works. The question whether the Resident Engineer should in due course be paid at the rate of £2,500 per annum, or, alternatively, should continue to receive salary at the rate of £2,000 per annum and be paid a percentage of savings on certain items is, however, reserved for further consideration. In this connection Mr. Amery will be glad to be informed:—

(i) of the estimated cost (which must, it is realised, be approximate) of the items which would be taken into account for purposes of calculating any bonus which might be paid to the Resident Engineer; and

(ii) of the percentage of savings which, in the opinion of the Consulting Engineers, should be paid to the Resident Engineer as a bonus, if that method of payment should be adopted.

3. Mr. Amery agrees to the arrangement set out in paragraph 4 of the enclosure to your letter whereby Assistant Engineers from the staff of Messrs. Rendel, Palmer, and Tritton will be seconded for service in Palestine, and he approves the proposed terms for their secondment. He also agrees that, in the circumstances now explained by the Consulting Engineers, the submission of a more definite estimate must be deferred but he trusts that every endeavour will be made to submit the revised estimate at the earliest possible date after the necessary experience has been gained of the cost of constructing large public works in Palestine. It will be realised that any delay in this respect must increase the difficulties which the Palestine Government already experience in determining the allocation to other public works of those sums, which, whether from Loan Funds or revenue, are, or may be, available for such works.

4. In a telegram,† of which a copy is enclosed, the High Commissioner has been informed of Mr. Palmer's forthcoming visit to Palestine. Mr. Palmer will no doubt arrange to discuss the question of the quarry site with the authorities in Palestine.

5. Mr. Amery accepts the view expressed in paragraph 12 of the letter from the Consulting Engineers in regard to the suggestion, which was made by the High Commissioner, that staff and plant required for the Haifa harbour works might be obtained from a particular firm. As it is important to avoid giving occasion for international protests in connection with the purchase of plant for the harbour, I am to request that you will keep in close touch with the Colonial Office when framing any advertisements inviting tenders for such plant.

6. A copy is also enclosed of a despatch‡ which has been addressed to the High Commissioner for Palestine.

I am, &c.,
O. G. R. WILLIAMS.

C. 67025/29 [No. 13].

No. 55.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by No.* 59.]

(Confidential A.)

SIR, Downing Street, 21st March, 1929.

I HAVE the honour to confirm my telegram No. 45 of the 20th of March,† in which I informed you that I had approved the immediate appointment of a Resident Engineer and certain other staff for employment on the construction of the Haifa Harbour and that Mr. Palmer, accompanied by certain members of this staff, will leave Naples on the 7th April by the s.s. "Orsova" to inspect the harbour site at Haifa.

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* No. 52. † No. 53. ‡ No. 55.

2. I enclose a copy of correspondence* with the Crown Agents for the Colonies from which it will be seen that I have approved the proposals made by the Consulting Engineers so far as they relate to the engagement of staff to be employed on the harbour works. The question whether the Resident Engineer should in due course receive an increased salary or should continue at his initial rate of salary and be paid some percentage of savings will be considered on the receipt of the further information which the Crown Agents have been asked to furnish.

3. The arrangement set out in paragraph 4 of the letter from the Consulting Engineers by which close co-operation should be ensured between them and the officers engaged on the actual work of construction appeared to be satisfactory. I have, therefore, approved it and also the proposals made by the Consulting Engineer for the remuneration of officers seconded to act as Assistant Engineers on the harbour works.

4. It will be recalled that in my telegram No. 29 of the 20th February,† I informed you that the Crown Agents had urged that no steps should be taken in Palestine in connection with the construction of the harbour until the detailed estimate which the Consulting Engineers were preparing was available. I had at that time hoped that a detailed and definite estimate could be prepared before the works were put in hand but, as the result of representations made by Mr. Palmer at a recent conference and now set out in paragraphs 6 and 7 of the letter of the 14th March from the Consulting Engineers, I was forced to the conclusion that it was not possible to insist on the submission of a definite estimate at this stage. I realise that the uncertainty as to the total cost of the harbour must increase the difficulties which your Government has already experienced in deciding on the allocation to other public works of those sums which, whether from Loan Funds or revenue, are or may be available for such works. You will no doubt avail yourself of the opportunity to discuss the matter with Mr. Palmer when he is in Palestine; if, by the time that he arrives it is possible to settle on a site for the quarry and to give Mr. Palmer some definite information as to the cost of large construction works in Palestine, he may be able to submit a definite estimate for the cost of the harbour at an earlier date than that which he now contemplates.

5. It will be observed that the estimate now submitted by the Consulting Engineers amounts to £1,285,775 against which must be set the potential value of the reclaimed area less the cost of developing it This estimate has been based on a ruling wage of 120 mils per day for unskilled labour; from the correspondence ending with your despatch Confidential E. of the 14th December,‡ it would seem, however, that the minimum wage for unskilled labour must be fixed at a substantially higher figure and that it is likely that a bonus will have to be offered for Jewish unskilled labour employed on the works. When replying to the third paragraph of my telegram No. 19 of the 5th February,§ where I invited your views on the question of wages and other labour matters in connection with the harbour, you will no doubt discuss those questions from the point of view of cost in the light of the estimate now submitted by Mr. Palmer.

6. As the present approved allocation of Loan Funds provides only £1,000,000 for the construction of Haifa Harbour, you will no doubt consider and in due course report to me on the question of providing funds to meet the balance of the cost. Though the final cost is not yet and cannot for some time be determined, the fact that the net cost is likely to show a considerable excess over the sum at present provided on the Loan Schedule must, of course, influence the decisions of your Government in regard to its programme of other public works. Pending the receipt of your reply on this point I propose to defer further consideration of the revised loan expenditure proposals put forward in Mr. Luke's despatch Confidential B of the 5th of October.‖

7. As regards the suggestion that staff and plant for the works might be obtained from a particular firm, it has been represented by the Crown Agents that the Consulting Engineers should be left with a free hand in this matter. For this reason and since the purchase of plant from a particular firm without the invitation of tenders or other advertisement of the requirements of your Government might be held to be an act of discrimination, I have thought it advisable to approve the proposal made in paragraph 12 of the letter of the 14th March from the Consulting Engineers.

I have, &c.,
L. S. AMERY.

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* Nos. 52 and 54. † No. 50. ‡ No. 35. § No. 41.
‖ C. 57219/28 [No. 3]: not printed.

C. 67025/29 [No. 14].

No. 56.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 25th March, 1929.)

[*Answered by No.* 58.]

(Confidential.)

SIR, Government Offices, Jerusalem, 13th March, 1929.

I HAVE the honour to refer to your telegram No. 19 of the 5th February,* on the subject of the departmental construction of Haifa Harbour in which you requested me to furnish any views I might have to offer at the present stage.

2. As many questions other than technical ones will have to be considered—such as for example those of a living wage and the proportion of Arab and Jewish labour to be employed—I think it is advisable that the works should be under the control of the Department of Public Works.

3. Pending the receipt of the detailed estimates from the Consulting Engineers and their suggestions as to the precise method of departmental construction to be adopted it would, I think, be premature for me to put forward any proposals beyond the following tentative suggestions:—

(1) If the construction is carried out by a branch of the Public Works Department it is desirable that a meeting between the Consulting Engineers and the Director of Public Works should be arranged either in Palestine or in London as early as possible, and later;
(2) that the Director of Public Works should be instructed to lay out the railway connection between the quarry at Wady Mughara and the main line at Athlit and the marshalling sidings at Athlit and Carmel Point, and that he should discuss the construction of these lines with the General Manager, Palestine Railways;
(3) that the Director of Public Works should discuss with the General Manager, Palestine Railways, the questions of the conversion to carry stone of existing trucks owned by the Palestine Railways and the use of locomotives, &c.;
(4) that the opening up of the quarry at Wady Mughara be begun by the Public Works Department after due consideration of the question whether independent power units should be installed or power supplied by the Palestine Electric Corporation should be used;
(5) that the question of obtaining the plant necessary for the handling of stone in the quarry and on the moles be discussed as soon as possible between the Consulting Engineers, Crown Agents and, if thought advisable, with the Director of Public Works;
(6) that the purchase of dredging plant or the letting of a dredging contract be left in abeyance for the present;
(7) that the diversion of the Haifa sewage outfalls be carried out by the Public Works Department or by the Municipal Engineer under the supervision of the Public Works Department, this work to be started simultaneously with the commencement of the windward mole;
(8) that no definite minimum wage or proportion of Arab and Jewish labour to be employed should be fixed at present, but that every endeavour should be made to safeguard the different interests in the same manner as was done during the progress of the works initiated in 1927 for the relief of unemployment;
(9) that as much work as possible be carried out on piece-work rates or bonus systems.

I have, &c.,
J R. CHANCELLOR,
High Commissioner for Palestine.

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* No. 41.

C. 67025/29 [No. 16].

No. 57.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

SIR, 4, Millbank, Westminster, London, S.W.1, 26th March, 1929.

I HAVE the honour to enclose a copy of a letter dated 21st March which we have received from Messrs. Rendel, Palmer, and Tritton regarding the proposed harbour works at Haifa.

2. You will note that the Consulting Engineers recommend that funds should be placed at the disposal of the Resident Engineer on his arrival in Haifa. We are not aware what arrangements are proposed, but the Secretary of State will doubtless arrange that the necessary instructions are given by the Palestine Government for meeting the expenditure.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

Enclosure in No. 57.

12-15, Dartmouth Street, Westminster,

GENTLEMEN, London, S.W.1, 21st March, 1929.

HAIFA HARBOUR.

Credit for Preliminary Works.

FURTHER to our letter of the 14th instant outlining our plans for commencing the carrying out of the works, it will be necessary for the Resident Engineer, on his arrival in Haifa, to have a certain amount of funds at his disposal for preliminary work and incidental expenses.

We would suggest that, subject to your approval, an initial account of say £2,000 should be opened in his favour at the bank at Haifa and arrangements made for the issue to him of a cheque book.

Yours faithfully,
RENDEL, PALMER, AND TRITTON.

C. 67025/29 [No. 17].

No. 58.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Confidential A.)

SIR, Downing Street, 28th March, 1929.

I HAVE the honour to refer to your Confidential despatch of the 13th of March,* regarding the construction of Haifa Harbour.

2. You will have learnt from my telegram of the 20th of March,† and my despatch Confidential A of the 21st of March,‡ of Mr. Palmer's forthcoming visit to Palestine to inspect the harbour site at Haifa, and you will doubtless discuss with him on his arrival the tentative suggestions put forward in paragraph 3 of your despatch with the exception of No. 8 relating to the labour question. I will address you further by telegraph on this point as soon as possible.

I have, &c.,
L. S. AMERY.

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* No. 56. † No. 53. ‡ No. 55.

C. 67025/29 [No. 28].

No. 59.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 6th May, 1929.)

[*Answered by No. 67.*]

(Confidential.)

SIR, Government Offices, Jerusalem, 27th April, 1929.

I HAVE the honour to refer to your despatch Confidential A of the 21st March,* on the subject of the appointment of a Resident Engineer and certain other staff in connection with the construction of Haifa Harbour, and of the visit to Palestine of Mr. Palmer. Mr. Palmer arrived in Palestine, accompanied by Mr. Thompson, and other officers, on the 11th April, and returned to England on the 19th April.

2. On the 16th April, I held a meeting with Mr. Palmer, the Consulting Engineer, and others with a view to discussing the details of the local arrangements. I attach the record of the discussion. I also attach a copy of a letter, dated the 20th April,† which has been written by the Director of Public Works following the meeting, together with a subsequent letter from Mr. Pudsey, dated the 26th April.

3. In the letter of the 14th March from the Consulting Engineers to the Crown Agents for the Colonies, which formed an enclosure to your despatch of the 21st March, Messrs. Rendel, Palmer, and Tritton stated that they proposed to place in charge of the works as Resident Engineer, subject to the approval of the Crown Agents, Mr. G. C. Thompson, an engineer with considerable experience in controlling works in the capacity of Contractor's Agent; and in your covering despatch you informed me that you approved the proposals made by the Consulting Engineers so far as they relate to the engagement of staff to be employed on the harbour works.

The agreement recorded in paragraph 1 of the proceedings of the meeting of the 16th April, was arrived at on the assumption that the Resident Engineer would be in direct control of the works, subject to the technical advice and instructions of the Consulting Engineers.

You will recollect that in paragraph 2 of your Confidential telegram No. 19 of the 5th February,‡ you informed me that the Crown Agents would be asked to consult the Consulting Engineers and to advise as to the form of departmental construction to be adopted, and that you would communicate with me on the receipt of the Crown Agents' views. In the meantime you asked me for any views I might have on the matter, and in accordance with that request I wrote my Confidential despatch of the 13th March,§ in which I offered some tentative suggestions pending the receipt of the detailed estimates from the Consulting Engineers and their recommendations as to the precise form that departmental construction should take.

As stated above, your despatch of the 21st March conveys the approval of the Consulting Engineers' proposals so far as they relate to the engagement of staff; and I assume that I shall receive through you in due course their proposals regarding other points, together with the views of the Crown Agents thereon. I assume further that the arrangements to be approved by you will follow generally the lines of the memorandum enclosed with your despatch No. 403 of the 31st March, 1927.‖

4. It will be observed from Mr. Pudsey's letters that he is doubtful if any arrangement whereby the Consulting Engineers take a more active part in the execution of the work than is implied by a consultative position, and, in so doing, issue direct instructions to the Resident Engineer, will sufficiently safeguard Government control over expenditure.

Mr. Pudsey is of opinion that such control over the execution of the works would best be carried out by the interposition of Government, in the form of the Public Works Department, between the Consulting Engineers on the one hand and the Resident Engineer on the other. He considers that the functions of the Consulting Engineers should be confined to the submission of specifications and plans of works and the advice given from time to time to the Resident Engineer through the Public Works Department, and to visits of inspection from time to time as considered necessary. He considers that Government will not be able adequately to control the works unless the Department of Public Works, which possesses a thorough knowledge of Palestine conditions, stands in a recognized position towards the Resident Engineer in regard to such matters as wages, ordering of plant from stores, method of working,

* No. 55. † Not printed here. ‡ No. 41. § No. 56. ‖ Not printed.

&c. In effect Mr. Pudsey's proposals would mean that the Resident Engineer and his staff would be co-ordinated with or subordinated to the Department of Public Works, through which it would establish its contact with the Government.

5. While there might have been advantages in considering some of the principles underlying Mr. Pudsey's suggestions at an earlier stage, it would appear to be impracticable, in view of the fact that the Resident Engineer has already been appointed, to adopt them now.

On the other hand you may consider it not inconsistent with the arrangements which have already received your sanction if some arrangement can be made whereby the Director of Public Works can be given an advisory position *vis-à-vis* the Resident Engineer in regard to the conditions of employment of local labour. There would seem to be advantage in the Resident Engineer and his staff having ready access, under some defined arrangement, to the accumulated local experience of the Department in the peculiarly difficult aspects of the labour question caused by Palestine conditions.

6. I shall be glad to learn of the arrangements made or contemplated with regard to the remuneration of the Consulting Engineers; in this connection I would invite your attention to paragraph 9 of Mr. Pudsey's letter of the 20th April.

7. Since our meeting on the 16th I have received a letter from Mr. Palmer, in which he informed me that he had selected a site for the quarry which meets the requirements of the harbour works and is satisfactory to the Director of the Department of Antiquities.

8. I shall shortly address you in a separate despatch in regard to labour conditions on the harbour works. I have recently discussed the position with Dr. Weizmann, and I have arranged to grant an interview to the Palestine Zionist Executive and the General Federation of Jewish Labour in order that they may have an opportunity of laying their views before me.

I have, &c.,
J. R. CHANCELLOR,
High Commissioner for Palestine.

Enclosure 1 in No. 59.

CONFERENCE HELD AT THE GOVERNMENT OFFICES AT 10.00 HOURS, 16TH APRIL.

Present:

The High Commissioner.
Mr. Palmer, Consulting Engineer.
Mr. G. C. Thompson, Resident Engineer.
Acting Chief Secretary.
Treasurer.
Director of Public Works.

Minutes.

1. It was agreed that the construction of Haifa Harbour should be undertaken by the Consulting Engineers through the agency of a new department to be called the Haifa Harbour Works Department, the head of which would be the Resident Engineer, who would communicate directly with Government through the Chief Secretary.

2. The Resident Engineer would apply directly to the Director of Lands if he desired to acquire land for purposes of the construction of the harbour at any time, a copy of his communication to the Director of Lands being sent to the Chief Secretary.

3. The difficulties concerning the quarry for the stone required for the breakwaters having been solved by the Consulting Engineers in consultation with the Director of Antiquities, the Consulting Engineers were free to take stone from the area of Athlit.

4. With regard to local expenditure on the harbour construction, the Resident Engineer would be furnished with imprests and an account would be opened in his name at Barclay's Bank, Haifa.

5. On the question of the employment of Arab and Jewish labour the Consulting Engineers would take instructions from Government, the High Commissioner being in communication with the Secretary of State on this matter.

6. With regard to the purchase of plant and equipment, indents would be prepared by the Resident Engineer and sent to the Consulting Engineers in London who, having revised them, would send them to the Crown Agents for execution. The Consulting Engineers would furnish monthly to the Treasurer a schedule of indents without detail. Progress reports would be rendered monthly to the Chief Secretary. Arrangements would be made with the Crown Agents so that the Crown Agents would keep a special account for harbour expenditure.

7. With regard to medical arrangements, that is to say medical treatment of labourers and the sanitation of any camps established, these would be arranged by discussion between the Consulting Engineers and the Director of the Department of Health, it being understood that medical services to the officers and staff of the Harbour Works Department would be granted on the same terms as to officers of the civil service.

8. With regard to quarters for the staff of the Consulting Engineers engaged on the work, it was decided to provide in the contracts that free quarters would be provided if available, and that otherwise an allowance of 10 per cent. of the basic salary would be payable in place of quarters.

9. It was arranged that wives and families of staff engaged from abroad should be allowed free passages to Palestine on the same conditions as the wives and families of officers in the civil service.

10. With regard to the planning and lay-out of reclaimed areas, it was necessary for the Resident Engineer to be in contact from time to time with the technical Town Planning Sub-Committee appointed to relate the developments of Haifa town with the developments of the port.

11. The Consulting Engineers would be responsible for works actually required for the equipment of the harbour, *e.g.*, wharf-cranes, &c.

The Director of the Public Works Department would be responsible for the construction of port buildings, &c., within the area of the port.

Under these general rules all buildings requiring architectural treatment such as the Customs House, Harbour Office, &c., would be constructed by the Department of Public Works, but all transit sheds and such buildings would be constructed by the Harbour Works Department.

Enclosure 3 in No. 59.

(Confidential.)

Public Works Department, Jerusalem, 26th April, 1929.

Subject: *Haifa Harbour.*

SINCE writing my letter of the 20th instant the Secretary of State's despatch No. 403 of 31st March, 1927, has been brought to my notice by you. No copy of this is on record in my office.

Notwithstanding this despatch, I still trust His Excellency the High Commissioner will permit my views to be forwarded to the Secretary of State

I quite appreciate the fact that my letter of the 20th instant if shown to the Consulting Engineers might offend them, and I do not wish to cause any doubts or bad feeling between the Consultants, Resident Engineer, or this Department, and in correspondence with Messrs. Rendel, Palmer, and Tritton and at meetings with Mr. Palmer I have been most careful to avoid such a possibility.

At the same time I hold strong views that there should be a most definite line between Consulting Engineers and the Executive carrying out the works, and when so many points must arise in the construction of Haifa Harbour in which the Public Works Department is equally or more interested than the resident staff I consider there should be some connection between the executive staffs.

F. PUDSEY,
Director of Public Works.

Chief Secretary.

C. 67025/29 [No. 30].

No. 60.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 62.]

GENTLEMEN, Downing Street, 28th May, 1929.

I AM directed by Mr. Secretary Amery to refer to the letter, from this Department of the 7th [? 8th] of February,* and to transmit to you the accompanying copies of further correspondence† with the High Commissioner for Palestine on the subject of the arrangements for the construction of Haifa Harbour.

2. I am to invite attention to the record of the Conference held at Government Offices, Jerusalem, on the 16th of April, a copy of which forms the first enclosure to the High Commissioner's Confidential despatch of the 27th of April.‡ It will be observed that at this Conference, which Mr. Palmer, the Consulting Engineer, and Mr. G. C. Thompson attended, an agreement in principle was reached with regard to the form of departmental construction to be adopted which, it would appear, will follow the lines laid down in the memorandum on the system under which large Public Works have been carried out departmentally in the Crown Colonies. A copy of that memorandum was forwarded to this Department semi-officially under cover of a letter from Mr. Owen, dated the 18th of March, 1927.§

3. Sir John Chancellor, in paragraph 5 of his Confidential despatch of the 27th of April‡, raises the question of the adoption of some arrangement whereby the Director of Public Works can be given an advisory position *vis-à-vis* the Resident Engineer in regard to the conditions of employment of local labour. A further communication will be addressed to you on the receipt of the despatch promised by Sir J. Chancellor in paragraph 8 in regard to labour conditions on the Haifa harbour works, but, in the meantime, Mr. Amery would be glad of your advice as to the best method of close co-operation between the Resident Engineer and the Director of Public Works on labour questions, consistently with the general principles laid down in the departmental system memorandum referred to above.

4. It is not known to what extent such of the tentative suggestions put forward by Sir John Chancellor in paragraph 3 of his Confidential despatch of the 13th of March,‖ as are not referred to in the record of the Conference at Government Offices, have been discussed locally. Mr. Amery would be glad to be furnished with your observations on these outstanding suggestions after you have consulted Messrs. Rendel, Palmer, and Tritton.

5. In paragraph 6 of his despatch Confidential of the 27th of April,‡ the High Commissioner asks to be informed of the arrangements made, or contemplated, with regard to the remuneration of the Consulting Engineers, and draws attention to paragraph 9 of the letter from the Director of Public Works dated the 20th of April,§ a copy of which forms the second enclosure to his despatch. In that paragraph it is suggested that stores should be ordered by the Public Works Department and not by the Resident Engineer in order to save the Consulting Engineers' fees. There may possibly be a misunderstanding of what is proposed under "departmental construction." It is clear from the memorandum on the system of departmental construction that stores would be ordered through the Crown Agents, the indents being prepared by the Resident Engineer and passed under flying seal through the Colonial Government. At the same time it must be borne in mind that in the particular case of Haifa harbour works it is desirable, if only for reasons connected with the decision to revert to departmental construction, that local firms should be given the opportunity of tendering for materials and equipment required in connection with the works. In this connection reference is invited to the enclosed copies of correspondence¶ with Messrs. Nobel's Explosives Company Limited. Some modification of the procedure for ordering stores and materials indicated in the memorandum and also in paragraph 6 of the proceedings of the Conference at Government House would, therefore, appear to be necessary. Mr. Amery would be glad to have your observations on this point.

6. A further communication will be addressed to you in regard to the question of the form of draft agreement for the engagement of officers selected for employment on the construction of Haifa Harbour.

I have, &c.,
O. G. R. WILLIAMS.

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* No. 43. † Nos. 56, 58, and 59. ‡ No. 59. § Not printed.
‖ No. 56. ¶ C. 67222/29 [Nos. 1, 4, and 6]: not printed.

C. 67025/29 [No. 34].

No. 61.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

4, Millbank, Westminster,
London, S.W.1, 31st May, 1929.

SIR,

I HAVE the honour to refer to your letter of the 21st March,* regarding the arrangements necessary for the construction of Haifa Harbour.

2. We now enclose, for the information of the Secretary of State, copy of a letter which we are addressing to the Chief Secretary enclosing a report dated 27th May, which we have received from Messrs. Rendel, Palmer, and Tritton, dealing with Mr. Palmer's recent visit to Haifa.

I have, &c.,
C. CHILCOT,
for Crown Agents.

Enclosure in No. 61.

FROM THE CROWN AGENTS TO THE CHIEF SECRETARY, JERUSALEM, PALESTINE.

SIR,

30th May, 1929.

I HAVE the honour to enclose for your information, a copy of a report dated 27th May which we have received from Messrs. Rendel, Palmer, and Tritton, dealing with Mr. Palmer's recent visit to Haifa.

2. A copy of the Report has been forwarded to the Colonial Office for the information of the Secretary of State.

3. We observe in paragraph 6 of the minutes of the meeting held on 16th April, that it is only proposed that progress reports should be rendered monthly to the Chief Secretary. The usual arrangement in the case of departmental construction is for the Resident Engineer to send three copies of his progress report to the Chief Secretary, one of which he retains and the other two he sends under flying seal to ourselves. We retain one and send the other on to the Consulting Engineers and we suggest that this procedure should be followed in the case of the Haifa works.

I have, &c.,
(Sgd.)
for Crown Agents.

SIRS,

27th May, 1929.

Haifa Harbour Works.

WE beg to report that, on 4th April, Mr. Palmer and Mr. Buckton left for Haifa, in order to arrange for the commencement of the construction of the harbour works. They were accompanied by Mr. Thompson, Resident Engineer, Mr. Speedy, Assistant Engineer, Mr. Struthers, Quarry Superintendent, and Mr. Chadwick, Mechanical Foreman, and the party reached Haifa on the morning of 11th April.

2. The most urgent question before them was the final selection of the quarry site, and they proceeded, on the same morning, to the site originally contemplated in the Wady el Mughara and examined the stone which had been blasted there. A close inspection of this stone indicated many lines of possible fracture, and it was decided to carry out further investigations before coming to a definite decision. In the meantime, the sandstone ridge alongside the railway near Athlit was again examined.

3. It will be remembered that archæological remains of considerable interest had been discovered in the Wady el Mughara Quarry site and the Department concerned had mapped out an area which was not to be interfered with, pending the result of examinations which were then in progress.

4. Fortunately Mr. Richmond, the Director of the Archæological Department, was in Haifa that day, and a visit to both quarry sites referred to above was arranged for the next morning. It was found that there would be no difficulty in suiting the working at either site to meet the requirements of the Department, and we are very grateful to Mr. Richmond for his co-operation in our efforts to fix upon the best quarry.

5. On Monday, 16th April, Mr. Palmer and Mr. Thompson went to Jerusalem

* No. 54.

to call upon the Heads of the Secretariat and to arrange the procedure to be adopted in carrying out the works, Mr. Buckton remaining at Haifa to carry on the quarry investigations. In the afternoon of that day a satisfactory arrangement was formulated, subject to the approval of His Excellency the High Commissioner, and, on the next morning, His Excellency kindly gave an interview at which the programme was approved.

6. The following Minutes of the Meeting, prepared by Mr. Mills, the Acting Chief Secretary, explains the arrangements agreed upon:—(See Enclosure 1 in No. 59.)

7. On Wednesday, 18th April, a further visit was paid to the quarries, and, as a result of the investigations made in the meantime, it was decided to abandon the Wady el Mughara site and open out the Athlit Quarry. This place has the advantage of being alongside the main railway line, and, also, of being some six kilometres nearer to Haifa.

8. Meetings were held that evening and next day with Colonel Holmes, the Manager of the Palestine Railways, and his heads of departments, to discuss the lay-out of sidings, both at the quarry and at Carmel, whence the stone trains will be handed over to the Harbour Department, and satisfactory arrangements were made for sidings and for the haulage of the stone trains by the Railway Department.

9. On Friday, 19th April, Mr. Palmer and Mr. Buckton left for England, arriving in London on 25th April.

10. It is satisfactory to be able to report that the most cordial relations have been established with the Departments in Palestine concerned with the construction of the Harbour, and we are much indebted to Sir John Chancellor and his officials for their interest and co-operation in making a commencement of the works.

11. We think it necessary to call attention to the fact that some months must elapse before any active operations can take place. From personal visits and inquiries since made by the Resident Engineer, it has been ascertained that no plant suitable for the work can be obtained in Palestine or in Egypt, with the result that all locomotives, cranes, machinery, and other plant will have to be purchased elsewhere and sent out to Haifa. Until this plant arrives, only works of a preliminary nature can be proceeded with, but this is well in hand, in order that there may be no further delay directly the plant is received.

12. It is proposed that the Resident Engineer shall return to England as soon as he has developed a scheme of operations, in order to collaborate with us in the preparation of indents for plants, inquiries for which are already in hand.

We are, &c.,
RENDEL, PALMER, AND TRITTON

The Crown Agents for the Colonies,
4, Millbank, S.W.1.

C. 67025/29 [No. 48].

No. 62.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

[*Answered by No.* 63.]

4, Millbank, Westminster, London, S.W.1,
25th July, 1929.

SIR,

I HAVE the honour to acknowledge the receipt of your letter of the 28th May,* transmitting copies of correspondence with the High Commissioner for Palestine on the subject of the arrangements for the construction of Haifa Harbour.

2. We enclose a copy of a letter dated 5th June, which we addressed to Messrs. Rendel, Palmer, and Tritton regarding this matter, and also a copy of their reply dated 22nd July. We should also like to add the following observations regarding certain of the questions referred to in the correspondence accompanying your letter under acknowledgment.

3. In paragraph 3 of your letter of the 28th May our advice is sought as to the best method of close co-operation between the Resident Engineer and the Director of Public Works on labour questions. It will be seen from the Consulting Engineer's letter of the 22nd July, that no difficulty has so far been experienced in obtaining the labour required at rates of wages which have been reported from time to time to the

* No. 60.

Chief Secretary. The Consulting Engineers have instructed the Resident Engineer to consult freely the Director of Public Works or any other official employers of labour in Palestine on this important question. Doubtless the number of men at present employed on the harbour works is not considerable, and although no difficulty has so far arisen it should not perhaps be assumed that when a considerable quantity of labour is required, some trouble may not be experienced in recruiting at the present rates of wages. If, however, the Resident Engineer seeks the help and guidance of the Director of Public Works, it should be possible to reduce such difficulties to a minimum, and in any case the Palestine Government will be conversant with what is being done.

4. In paragraph 4 of your letter, you asked our observations on certain tentative suggestions put forward by Sir John Chancellor in paragraph 3 of his Confidential despatch of the 13th March,* and we give below our views on these suggestions :—

(1) It has now been decided that the construction of Haifa Harbour shall be undertaken by the Consulting Engineers through the agency of a new department to be called the Haifa Harbour Works Department.

(2) We understand from the Consulting Engineers that the Resident Engineer will carry out all work up to formation level on the railway line connecting the quarry with the existing main line of railway and that the Railway Department will lay the permanent way. This matter is one which is, of course, entirely outside the province of the Director of Public Works.

(3) The Railway Department have undertaken to place 200 wagons at the disposal of the Haifa Harbour Works Department suitable for the conveyance of stone.

(4) The Haifa Harbour Works Department will open up the quarry site. The economical quarrying of the stone is, of course, one of the most vital factors affecting the ultimate cost of the work, and must be undertaken by the Harbour Works Department.

(5) The Consulting Engineers are working in close co-operation with ourselves with regard to the question of ordering plant and materials.

(6) There will be no necessity to deal with the question of dredging for some months.

(7), (8) and (9). These suggestions are referred to in the Consulting Engineer's letter of the 22nd July, and we have nothing further to add.

5. The question of the Consulting Engineers' remuneration is referred to in paragraph 5 of your letter. We dealt with this matter in our letter of 2nd November, 1927,† which contains the terms arranged with the Consulting Engineers. You will note it was suggested that they be paid a fee calculated at the rate of 5 per cent. on the first £500,000 of the expenditure on the construction of the Harbour and at the rate of 4 per cent. on the balance thereof. When we discussed the question of remuneration with the Consulting Engineers they pointed out that they were receiving the above percentages on the cost of several million pounds worth of work which they were carrying out for the Port of London Authority, and that they could not accept a lower fee for the work at Haifa. Presumably their fee would remain the same whether contracts for materials were prepared in their office or in ours, but in any case we consider that it is essential, if the Consulting Engineers are to be held responsible for the satisfactory execution of the scheme, that all contracts and specifications should be prepared by them. Tenders will, of course, be invited by ourselves, and the tenders received will be submitted to the Consulting Engineers for their recommendation. All contracts placed in Great Britain will be placed by us, but the Resident Engineer will have authority to order such materials as may be more suitably obtained in Palestine.

6. Enclosure II‡ to the High Commissioner's despatch of the 27th April§ is a memorandum by the Director of Public Works recommending that the Harbour Works should be carried out under the supervision of the Director of Public Works, and these proposals are referred to in paragraphs 4 and 5 of the above-mentioned despatch. We have not been invited to comment on this matter, but as an important question of principle is involved we should like to submit the following observations.

In the first place the Director of Public Works has misinterpreted the meaning of the word "Consulting" as used with the phrase "Consulting Engineers." It is the usual custom for Consulting Engineers to accept entire responsibility for the design, conduct and satisfactory completion of the work entrusted to them. The primary consideration is—who is to be held finally responsible for the satisfactory completion

* No. 56. † No. 59 in Middle East No. 12. ‡ Not printed. § No. 59.

of the work? Should the responsibility for work of this magnitude be placed upon a Department who has had no previous experience of similar work, or should it be placed upon the Consulting Engineers who have a world-wide reputation for work of a similar character? We think there can be only one answer to this question. If the Consulting Engineers are to accept full responsibility it is obvious that neither they themselves nor their staff can be subordinated to the Public Works Department, and further we doubt if the firm of Messrs. Rendel, Palmer, and Tritton would be willing to continue to act as Consulting Engineers if the Director of Public Works' recommendations were adopted.

7. The last paragraph of the Consulting Engineers' letter of the 22nd July deals with the matter referred to in the last paragraph of your letter of the 31st May.* We informed you in a letter dated 17th June,† that the Consulting Engineers thought it advisable to wait until the works have been in progress for some time before attempting to decide the question of paying a bonus to the Resident Engineer.

I have, &c.,
HENRY LAMBERT.

Enclosure 1 in No. 62.

4, Millbank, Westminster, S.W.1,
5th June, 1929.

GENTLEMEN,

I HAVE to inform you that we have now received from the Colonial Office a copy of the minutes of the Conference held at the Government Offices on the 16th April regarding the construction of Haifa Harbour.

2. These minutes lay down, *inter alia*, that the construction of Haifa Harbour shall be undertaken by the Consulting Engineers through the agency of a new department to be called "The Haifa Harbour Works Department," the head of which will be the Resident Engineer, who will communicate directly with Government through the Chief Secretary, and that on the question of the employment of Arab and Jewish labour, the Consulting Engineers shall take instructions from Government, the High Commissioner being in communication with the Secretary of State on this matter.

3. There are as you are aware certain difficulties connected with the employment of labour in Palestine, and we are informed that the High Commissioner has raised the question, whether it is advisable to adopt some arrangement whereby the Director of Public Works can be given an advisory position *vis-à-vis* the Resident Engineer in regard to the conditions of employment of local labour. The High Commissioner thinks there would be advantage in the Resident Engineer and his staff having ready access, under some defined arrangement, to the accumulated local experience of the department in the peculiarly difficult aspects of the labour question caused by Palestine conditions. We understand that the Secretary of State is expecting to receive a further despatch from the High Commissioner on this matter, but in the meantime we shall be glad of your advice as to the best method of close co-operation between the Resident Engineer and the Director of Public Works on labour questions.

4. In a despatch which was written prior to the Conference at the Government Offices on the 16th April, the High Commissioner made the following tentative suggestions :—

(*a*) The diversion of the Haifa sewerage outfalls to be carried out by the Public Works Department or by the Municipal Engineer under the supervision of the Public Works Department, this work to be started simultaneously with the commencement of the windward mole.

(*b*) No definite minimum wage or proportion of Arab and Jewish labour to be employed should be fixed at present, but that every endeavour should be made to safeguard the different interests in the same manner as was done during the progress of the works initiated in 1927 for the relief of unemployment.

(*c*) As much work as possible to be carried out on piece-work rates or bonus systems.

We shall be glad to receive your observations also on these matters.

5. With our letter of the 22nd March, we enclosed a copy of a letter dated the 21st March, and enclosures, which we had received from the Colonial Office. Paragraph 2 of the Colonial Office letter requested certain information to enable the question

* C. 67025/29 [No 33] : not printed. † C. 67025/29 [No. 39] : not printed.

as to how the Resident Engineer should be paid to be considered. We shall be glad if you can now furnish us with the information required.

I am &c.,

(Signed)

for Crown Agents.

Messrs. Rendel, Palmer, and Tritton.

Enclosure 2 in No. 62.

12-15, Dartmouth Street, Westminster, London, S.W.1,
22nd July, 1929.

GENTLEMEN,

Haifa Harbour.

WE have delayed replying to your letter of 5th June, in order to have the opportunity of discussing the questions raised with Mr. G. C. Thompson, the Resident Engineer, who is now in this country in connection with the supply of plant required.

2. We understand that, so far, not the faintest difficulty has been experienced in obtaining all the labour required at rates of wages which have been reported from time to time to the Colonial Secretary. It is very desirable, however, that the Resident Engineer should be in close touch with the Department of Public Works in regard to the conditions of employment of local labour, and we have instructed the Resident Engineer to consult freely the Director of that Department, and also any other official or demi-official employers of labour in Palestine, on this important question.

3. In regard to paragraph 4, we beg to reply as follows:—

(*a*) The diversion of the Haifa sewage outfalls cannot be taken in hand for some considerable time, and, before that time arrives, we will take an opportunity of discussing the matter with the officials concerned.

(*b*) No difficulty has arisen in regard to either the proportion of Arab and Jewish labour to be employed or to the wage to be paid, and, so far as can be seen at present, no difficulty is likely to arise.

(*c*) A large portion of preliminary work is already being done by piece work, and we shall doubtless find it advantageous to extend this method, or, alternatively, a bonus system, as the work proceeds.

4. With reference to the question raised in paragraph 5, we hope that a settlement can be deferred until the work is in active progress. Up to the present, preliminary work only is in hand, and we shall be better able to deal with the matter a little later on.

Yours faithfully,
RENDEL, PALMER AND TRITTON.

The Crown Agents for the Colonies,
4, Millbank, S.W.1.

C. 67025/29 [No. 49].

No. 63.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 66.]

Downing Street, 13th August, 1929.

GENTLEMEN,

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 25th of July,* transmitting a copy of the correspondence which has been exchanged with Messrs. Rendel, Palmer, and Tritton on the subject of the arrangements for the construction of Haifa Harbour.

2. Before communicating with the Officer Administering the Government of Palestine on the matter, the Secretary of State would be glad to be furnished with your views on the question, raised in the later part of paragraph 5 of the Colonial Office letter of the 28th May,† of the modification of the procedure set out in paragraph 6 of the proceedings of the Conference at Government House, Jerusalem, for the purchase of plant and equipment. Lord Passfield is disposed to consider that a sentence should be added to that paragraph to the effect that plant, equipment, and materials should, where available, be purchased locally. The procedure set out in

* No. 62. † No. 60.

the paragraph would appear to require amendment also, so as to make it correspond with that laid down in your memorandum on Departmental construction in the matter of the channel for ordering equipment not available locally.

3. As regards the point referred to in the last sub-paragraph of paragraph 3 of the High Commissioner's Confidential despatch of the 27th April,* a copy of which accompanied the Colonial Office letter referred to above, I am to say that, subject to any observations which you may have to offer, it is proposed to agree that the arrangements should follow generally the lines of your memorandum.

I am, &c.,
O. G. R. WILLIAMS.

C. 67025/29 [No. 54].

No. 64.

THE OFFICER ADMINISTERING THE GOVERNMENT to THE SECRETARY OF STATE.

(Received 19th August, 1929.)

[*Answered by No.* 65.]

Government Offices, Jerusalem, 10th August, 1929.

(No. 751.)

MY LORD,

I HAVE the honour to inform Your Lordship that I have authorised the issue of a Special Warrant to provide funds for the expenditure of £P.12,000 under Sub-head, Haifa Harbour Construction of the Schedule of Loan Works.

2. These funds are required to meet expenditure already incurred on the harbour works and expenditure estimated to be incurred up to the end of August when the Resident Engineer will have returned to Palestine I attach for Your Lordship's information copy of a letter with enclosures from the Acting Resident Engineer showing in detail the allocation of the £P.12,000.

I have, &c.,
H. C. LUKE,
Officer Administering the Government.

Enclosure in No. 64.

The Resident Engineer, Haifa, 5th July, 1929.

Subject:—Special Warrant for Expenditure incurred by the Harbour Works Department.

IN accordance with your request, I transmit herewith application for a Special Warrant for the amount of £P.12,000 to cover expenditure incurred by this Department. This amount I estimate will represent the expenditure incurred since the opening of this Department and that which will be incurred up to the end of August, when the Resident Engineer is expected to return to Palestine.

The expenditure actually defrayed up to date amounts to approximately £P.5,000. Outstanding commitments in respect of railway charges and Crown Agents' disbursements amount to about £P.2,000.

The expenditure for the next two months will apparently not be less than £P.5,000 in order to continue the operations already commenced on the works of the quarry at Athlit and Haifa breakwater. The amount of £P.5,000 is limited to actual requirements at the moment but may be increased in case instructions are received from the Resident Engineer to put fresh works in hand.

I shall be glad if you will approve of this Special Warrant for the total amount of £P.12,000 at an early date.

J. SPEEDY,
Acting Resident Engineer.

Acting Treasurer,
Jerusalem.

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* No. 59.

The Resident Engineer, Haifa, 15th July, 1929.

Subject:—Special Warrant for Expenditure incurred by the Harbour Works Department.

I TRANSMIT two statements showing the allocation of £P.12,000 :—

	£P.
(1) Statement of cash payments for period 20th April, 1929, to 9th July, 1929	4,856
(2) Statement of estimated expenditure for period 10th July, to 31st August, 1929	7,136
	£P.11,992

The application for Special Warrant is returned herewith for approval.

J. SPEEDY,
Acting Resident Engineer.

Acting Treasurer,
Jerusalem.

The Resident Engineer, Haifa, 22nd July, 1929.

Subject:—Special Warrant for Expenditure incurred by the Harbour Works Department.

I TRANSMIT a statement showing the actual expenditure up to the 9th July, 1929, and estimated expenditure from the 10th July, to the 31st August, 1929, to support my Special Warrant for the amount of £P.12,000.

J. SPEEDY,
Acting Resident Engineer.

Acting Treasurer,
Jerusalem.

HAIFA HARBOUR WORKS.

Statement of Cash Payments for period 20th April to 9th July, 1929.

	£P. Mils.	*£P. Mils.*
General Administration.		
Personal Emoluments	1,115.117	
Travelling Allowances	24.580	
Transport	219.610	
Railway Fares	5.105	
Furniture	73.030	
Rent of Buildings	153.500	
Repairs to Buildings	3.750	
Passages	59.015	
Prints and Drawings	21.000	
Printing	1.650	
Stationery	5.430	
Photographs	9.520	
Contingencies	7.295	
Postage	3.960	
Telegrams and Telephones	0.240	
		1,702.802
Athlit Quarry.		
House for Quarry Superintendent	331.351	
Explosives	115.685	
Wages	495.275	
Stores (Cement)	99.000	
Experimental Blasting P.W.D.	104.319	
Transport	10.500	
Medical Services	1.135	
Wages Blockmen	3.607	
Water Supply	4.335	
		1,165.207

Main Breakwater.		
Approach to Main Breakwater, Sub-Contract No. 1	268.440	
Approach to Main Breakwater	1.950	
Wages	271.681	
Rent of Land	847.666	
Stores	7.000	
		1,396.737
Plant and Tools.		
Tools	63.292	
Plant	526.847	
Pegs	1.250	
		591.389
		£P.4,856.135

HAIFA HARBOUR WORKS.

Statement showing the estimated Expenditure for period 10th July, to 31st August, 1929.

	£P.
Personal Emoluments	950
Athlit Quarry Wages	1,500
Main Breakwater Wages	140
Plant	600
Well	200
Rent of Land	300
Stores	150
House for Fitter Foreman	350
Office and Medical Orderly's Station, Athlit	150
Crown Agents' disbursements	486
Railways :—	
£P.	
Fares and Freight charges accepted 85	
Stores 225	
Part payment cost of exchange sidings 2,000	
	2,310
	£P.7,136

HAIFA HARBOUR WORKS.

Statement of Expenditure for period 20th April, 1929, to 31st August, 1929.

	Actual Expenditure. 20th April, to 9th July, 1929.	*Estimated Expenditure. 10th July, to 31st August, 1929.*	*Total.*
	£P.	*£P.*	*£P.*
General Administration ...	1,703	1,521	3,224
Athlit Quarry	1,165	2,350	3,515
Main Breakwater	1,397	665	2,062
Plant and Tools	591	600	1,191
Exchange Sidings	—	2,000	2,000
	£P.4,856	£P.7,136	£P.11,992

C. 67025/29 [No. 56].

No. 65.

THE SECRETARY OF STATE to THE OFFICER ADMINISTERING THE GOVERNMENT.

(No. 711.)

SIR, Downing Street, 29th August, 1929.

I HAVE the honour to acknowledge the receipt of your despatch No. 751 of the 10th of August,* reporting the issue of a Special Warrant to provide funds for the expenditure of £P.12,000 under Sub-head Haifa Harbour Construction of the Schedule of Loan Works, and to convey to you my covering approval for this expenditure.

I have, &c.,
PASSFIELD.

C. 67025/29 [No. 62].

No. 66.

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

4, Millbank, Westminster,

SIR, London, S.W.1, 4th September, 1929.

I HAVE the honour to acknowledge the receipt of your letter of the 13th August,† on the subject of the arrangements for the construction of Haifa Harbour.

2. The arrangements agreed to at the Conference held in Jerusalem on the 16th April, as outlined in enclosure 1 to the High Commissioner's despatch of the 27th April,‡ differ in one respect from the system described in the memorandum on departmental construction referred to in paragraph 2 of your letter. At the Conference at Jerusalem it was agreed that indents for the purchase of plant and equipment should be prepared by the Resident Engineer and sent direct to the Consulting Engineers in London who, having revised them, would forward them to the Crown Agents. The practice in the past, when large Public Works have been carried out departmentally, as described in the memorandum, has been for the Resident Engineer to pass the necessary indents through the Colonial Government. As the High Commissioner was present at the Conference in Jerusalem he evidently has no objection to the Resident Engineer forwarding his indents direct to the Consulting Engineers and we see no reason to object to this procedure and it will reduce the possibilities of delay.

3. We see no objection to the proposal that a sentence should be added to paragraph 6 of the proceedings of the Conference at Government House, Jerusalem, to the effect that materials should, where available, be purchased locally, or they may be indented for on us. This would cover, *e.g.*, cement, but we do not think that plant and equipment which cannot be manufactured locally should be included. Explosives in cases of this kind are usually bought by arrangement with a firm such as Messrs. Nobel who supply them on the spot as wanted.

4. With regard to the last sub-paragraph of paragraph 3 of the High Commissioner's Confidential despatch of the 27th April, referred to in paragraph 3 of your letter under acknowledgment, we agree that the arrangements for the construction of Haifa Harbour should follow generally the lines of our memorandum with the exception of the method of forwarding indents referred to above.

I have, &c.,
HENRY LAMBERT.

C. 67025/29 [No. 65].

No. 67.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

[*Answered by No.* 70.]

(Confidential D.)

SIR, Downing Street, 27th September, 1929.

I HAVE the honour to refer to the proceedings of the Conference held on the 16th of April at Government House, Jerusalem, regarding the arrangements for the construction of Haifa Harbour, a copy of which accompanied your Confidential despatch of the 27th of April.‡

* No. 64. † No. 63. ‡ No. 59.

2. Under paragraph 6 of the proceedings arrangements were made for indents for the purchase of plant and equipment to be prepared by the Resident Engineer and sent direct to the Consulting Engineers in London who having revised them would forward them to the Crown Agents. As you are aware it is the customary practice for indents to pass through the Government concerned, but on the assumption that these arrangements met with your approval I agree to this course being adopted in the present instance.

3. I am also of opinion that a sentence should be added to paragraph 6 of the proceedings to the effect that materials should, where available, be purchased locally or that they may be indented for on the Crown Agents for the Colonies. This would cover, *e.g.*, cement, but it is not considered that plant and equipment which cannot be manufactured locally should be included. Explosives in cases of this kind are usually bought by arrangement with a firm such as Messrs. Nobel, who supply them on the spot as wanted.

I have, &c.,
PASSFIELD.

C. 67025/29 [No. 66].

No. 68.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 30th September, 1929.)

(Confidential.)

MY LORD, Government Offices, Jerusalem, 21st September, 1929.

I HAVE the honour to forward a copy of a note by Rear Admiral the Honourable R. Plunkett-Ernle-Erle-Drax of H.M.S. " Barham " on the plan for the Haifa Harbour, with an illustrative sketch-map.*

2. It will be seen that the Admiral suggests that by an alteration of the alignment of the breakwater the accommodation available for shipping could be substantially increased at a small cost.

3. I suggest that the note might be referred to the Consulting Engineers for their consideration.

I have, &c.,
J. R. CHANCELLOR,
High Commissioner for Palestine.

Enclosure in No. 68.

HAIFA HARBOUR.

Note by Rear-Admiral the Honourable Plunkett-Ernle-Erle-Drax.

THE existing plan, as I recollect it, provides for a curved mole somewhat as shown by line B on attached sketch. It therefore encloses an area of water which is very small by comparison with the length of the mole. It seems not improbable that the area enclosed might be increased nearly 50 per cent. by increasing the cost of the mole only 20 or 25 per cent. Also, the water enclosed by the present scheme is for the most part so shallow that a large amount of dredging will be needed. When completed, ships can secure head and stern, but the number that could swing round a buoy or lie at single anchor will be very limited. In fact for a mole of over a mile in length the area of water enclosed seems unusually small.

2. The attached plan shows B, the mole intended, and A an alternative mole of equal length which encloses an area nearly 50 per cent. greater than the proposed scheme. The area added will be deep water and will require very little dredging. The line A will of course be more expensive because it runs in slightly deeper water, but it seems likely to be worth it. No one can forecast what the requirements of the port are likely to be in 20 years' time. It would be regrettable if everyone was then saying, " what a pity the harbour was not made larger."

3. I was told, perhaps wrongly, that the line chosen for the mole was governed by fear of silting up. I feel great doubt if anyone living can say with accuracy that a mole on the line A would cause silting, but a mole on the line proposed would not. The rise and fall, and tidal stream, in Haifa Bay are so small that serious silting of

* Not reproduced here.

the harbour seems most improbable. The only large scale chart of Haifa (made in 1862) was in 1922 marked, " the harbour is reported to have become shallower since this chart was made." Subsequent to 1924, however, this notation was removed showing it to have been inaccurate. It may be that this erroneous report influenced the opinions of the Consulting Engineers.

4. To cover the extra expense of running the mole on the line A it would seem feasible either to proceed more slowly with the deeper dredging, or to delay the extension of the existing pier. If the latter, the harbour would be partially open to the eastward. It would be in fact as Gibraltar and Colombo were before they were totally enclosed. This would cause no inconvenience except in very bad weather: say 1 day in 100.

5. These suggestions are put down from the point of view of the seaman using the harbour. There may be special technical reasons for running the mole as now proposed, but if it is done the harbour could never be looked on as first class from the point of view of size. It should be noted that my sketch of the proposed mole is only drawn from memory, and therefore is not accurate. I explained my suggestion to Mr. Thompson the Superintending Engineer. He seemed to think that the harbour as now designed would be amply large enough for present and future needs. It may be that he is right, but that is a very difficult thing to forecast, and it seems not improbable that the larger and better the harbour is made the more likely it is to be filled to capacity in future years.

R. P. E. E. DRAX.

14*th September*, 1929.

6. N.B.—A large part of the shallow water inside the harbour is to be dredged to 9.4 metres. If during the process the dredgers strike rock, the cost will be greatly increased. This is perhaps an added argument in favour of enclosing at the start a larger proportion of deep water.

(Intld.) R. P. D.

C. 67025/29 [No. 79].

No. 69

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

4, Millbank, Westminster, London, S.W.1,
23rd October, 1929.

SIR,

I HAVE the honour to transmit, for the information of the Secretary of State, the enclosed copy of the first half-yearly report submitted by the Consulting Engineers on the progress of the Haifa harbour works up to 30th September, 1929.

2. Necessarily, this report is only of a preliminary nature; at the present early stage of the operations no attempt could usefully be made to compare the rate of progress with the expenditure incurred.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

Enclosure in No. 69.

HAIFA HARBOUR.

Half-yearly Progress Report, 30*th September*, 1929.

General.

During the visit of Mr. Palmer and Mr. Buckton to the site of works in April last, a general scheme of procedure was formulated and agreed as between the Palestine Government and the Consulting Engineers

The general scheme of procedure then laid down has been rigorously adhered to, and acquisition of lands necessary for the works, organization of staff, installation of offices, works, &c., also purchase of plant, materials, and general equipment for the execution of the harbour works has been in progress during the succeeding months.

Temporary Works.

Following upon detailed survey of the neighbourhood and site of works, plans were prepared for a general lay-out of works yard, fitting shops, repair sheds, engine sheds, stores, &c., and the clearing of ground, preparation of sites, erection of buildings, &c., have been in progress.

Stone Quarries.

Considerable difficulty was experienced in finding a suitable stone for the construction of the breakwaters, and it was finally agreed that stone from the area north of Athlit, near the Wady Doustre, should be utilised. Accordingly, the necessary railway sidings have been provided at the quarry site and at the root of the breakwater.

The opening up of an extensive quarry face has been proceeded with, but as previously pointed out, it should be noted that some months must elapse before the quarry is fully opened up.

Approach Railway to Main Breakwater.

An approach railway to the Main Breakwater connecting with the Palestine Railway has been constructed, and such suitable stone as was obtained from the excavation required, as well as stone derived from the opening up of the quarry face, has been deposited at the root of the breakwater.

Water Supply.

Adequate supplies are being provided, both at Haifa and Athlit, a reservoir of 33,000 gallons capacity having been constructed at the latter place.

Explosives.

A suitable magazine has been erected at Athlit in which to maintain sufficient reserve of explosives for quarrying.

Plant and Stores.

Unsuccessful efforts were made to effect the purchase of plant locally and in Egypt, and in consequence it had to be ordered from England. In this connection, as previously reported, the Resident Engineer visited this country in order to be available for consultation in selecting the plant, the despatch of the main items of which has been greatly expedited thereby.

Sanitation.

Concerted measures have been taken in consultation with the Senior Medical Officer, Haifa, for anti-malarial service, sanitation of labour camps, &c.

Staff.

With the exception of Chief Accountant, practically the whole of the executive staff has been engaged and is now on the site.

Expenditure.

The approximate total expenditure to the end of September, is £29,405. This figure does not include Consulting Engineers' charges.

RENDEL, PALMER, AND TRITTON.
E. J. BUCKTON.

C. 67025/29 [No. 80].

No. 70.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 28th October, 1929.)

(Confidential.)

MY LORD,

Government Offices, Jerusalem, 18th October, 1929.

I HAVE the honour to refer to Your Lordships' despatch Confidential D of the 27th September,* regarding the arrangements for the construction of Haifa Harbour

* No. 67.

and to confirm the assumption that the special arrangements with respect to indents for the purchase of plant and equipment which were recorded in paragraph 6 of the proceedings of the Conference held on the 16th April, at Government House, Jerusalem, met with my approval.

2. I agree that a sentence should be added to paragraph 6 of the proceedings to the effect that materials should, where available, be purchased locally or that they may be indented for on the Crown Agents for the Colonies.

I have, &c.,
J. R. CHANCELLOR,
High Commissioner for Palestine.

C. 67025/29 [No. 84].

No. 71.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

[*Answered by No.* 72.]

GENTLEMEN, Downing Street, 19th November, 1929.

I AM directed by Lord Passfield to transmit to you a copy of a despatch* from the High Commissioner for Palestine enclosing a copy of a note by Rear-Admiral the Honourable R. Plunkett-Ernle-Erle-Drax on the plan for the Haifa Harbour, together with an illustrative sketch-map, and to request that steps may be taken to obtain the observations of the Consulting Engineers on the Admiral's note.

I am, &c.,
O. G. R. WILLIAMS.

C. 67025/29 [No. 85].

No. 72

CROWN AGENTS FOR THE COLONIES to COLONIAL OFFICE.

4, Millbank, Westminster,
SIR, London, S.W.1, 25th November, 1929.

I HAVE the honour to acknowledge the receipt of your letter of the 19th November,† transmitting copy of a despatch dated 21st September, from the High Commissioner for Palestine enclosing a copy of a note by Rear-Admiral the Honourable R. Plunkett-Ernle-Erle-Drax suggesting a modification to the line of the breakwater at Haifa in order to increase the area of the Harbour.

2. We forwarded a copy of the enclosures which accompanied your letter to Messrs. Rendel, Palmer, and Tritton, who now inform us that Mr. Buckton, a partner of the firm, left for Haifa on the 23rd November, and that he will consider the matter at the site and if possible discuss the question with the Rear-Admiral.

I have, &c.,
W. A. F. WICKHART,
for Crown Agents.

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* No. 68. † No. 71.

MIDDLE EAST

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Printed for the use of the Colonial Office.

Middle East
No. 22.

Confidential.

PAPERS

RELATING TO THE

New Arrangements for the Government of Aden, and Relations with the Aden Protectorate.

Part I.

Standing Aden Committee.

(Minutes of Meetings (1 to 16) held during 1927, 1928, and 1929.)

Part II.

Interdepartmental Conferences on Aden.

Part III.

Correspondence.

[MARCH, 1927 — FEBRUARY, 1930.]

(*Continued by Middle East No.* 34).

Printed for the use of the Colonial Office.

Middle East
No. 22.

Confidential.

PAPERS

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New Arrangements for the Government of Aden, and Relations with the Aden Protectorate.

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Part III.

Correspondence.

[MARCH, 1927 — FEBRUARY, 1930.]

(*Continued by Middle East No.* 34).

PAPERS
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PART I.
STANDING ADEN COMMITTEE.

MINUTES OF MEETINGS.

C. 59281/28 [No. 14].

No. 1.

STANDING ADEN COMMITTEE.

MINUTES OF THE FIRST MEETING HELD ON THE 26TH JANUARY, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair).
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.
Colonel J. C. Freeland, C.B.E.
Mr. A. P. Waterfield, C.B.
Mr J. G. Laithwaite.
Mr. F. J. Howard, O.B.E.
Mr. S. Robinson (Secretary).

Tribal Levies.

MR. HARDING stated that there were two points for immediate consideration. On the civil side it was necessary to determine, as early as possible, by what means and upon what conditions the new Resident or Governor could be appointed. On the military side, the question of the formation of local levies was a matter of great urgency and it was necessary to consider the legal aspects of this question.

As regards the question of the levies, Mr. Harding asked why the Air Ministry proposed that the organisation and maintenance of the levies should be a matter for the Colonial Office. The position would be different from that of the Trans-Jordan Frontier Force, not only in the size of the unit, but also because it was possible to legislate for the Trans-Jordan Frontier Force and because much of the work connected with the force could be done by the local Governments. The proposed levies would be a very small force and there was no Aden Government in the sense that there is a Palestine Government. The Colonial Office were not anxious to control the 'Iraq Levies longer than was necessary. If the Colonial Office were to have the control of the levies their position would be infinitely more difficult than in the case of the Trans-Jordan Frontier Force. The details would have to be dealt with at the Colonial Office, including accounting, or by the Aden Government who would have to pass the papers through the Bombay Government, the Indian Government and the India Office, before they could reach the Colonial Office.

It appeared that the difficulties as regards India would be lessened if the control of the levies was under a military Department and the decision of the Cabinet seemed to indicate that the tribal forces should be treated as an integral part of the forces in Aden. If the control of the levies were in the hands of the Air Ministry both command and administration would be much simpler.

AIR VICE-MARSHAL SIR IVO VESEY thought that the Air Council would not hesitate to accept the responsibility for the levies if this would simplify matters, but the matter would of course have to be placed before them.

On the legal aspects of the question MR. LAITHWAITE said that the India Office were advised that no specific statutory enactment empowering the Crown to raise troops was required but that the question of the provisions to be made for discipline once the troops had been raised was very troublesome. The possibility of applying the Air Force Act was a matter for the Air Ministry, but it seemed to the India Office very doubtful whether it would be possible to bring the levies when raised under the provisions of the Act. On the assumption that the Act could not be applied there

were five alternative courses of action open. Of these, two—Imperial Legislation and ordinary Indian Legislation, were presumably out of the question. The remaining alternatives were the application by the Government of India of the Indian Army Act, 1911, which could only be done if the levies were " raised and maintained under the authority of the Governor-General in Council "; action under Section 71 of the Government of India Act, under which the Governor-General in Council could pass a regulation providing for the discipline of the levies when raised, and the raising of the levies, not as armed forces of the Crown, but as military police when it would technically be possible for the Governor-General of India in Council to apply to the Force so raised the Burmah Military Police Act, 1887, with such modifications as might be necessitated by the special circumstances of Aden.

There were strong objections to the last course, since very substantial modifications of the Burmah Military Police Act would be required, and it seemed doubtful whether this course would work well.

Mr. Laithwaite added that the Yemen Infantry had been raised by the War Office in 1918 under the Army Act. The penalties under that Act were found to be quite unsuitable and the force was disembodied in 1923 and re-embodied under the Indian Army Act. He understood that the Indian Army Act had recently been applied to a force of mechanics or clerks attached to the Royal Air Force in India.

After discussion it was agreed that the question of providing for the discipline of the force either by the application of the Indian Army Act or by action under Section 71 of the Government of India Act should be placed before the Government of India who should be asked to reply as early as possible.

Governor or Resident.

As regards the India Office proposal that the powers of the new Governor or Resident should approximate to those of the Commissioner in Sind, MR. LAITHWAITE explained that there were no Sind funds and that the Commissioner in Sind had no legislative power and had no control over certain services in Sind, which were dealt with directly by the Central Departments. He imagined that the powers of the Commissioner in Sind were roughly equivalent to those of a Lieutenant-Governor in Nigeria.

MR. HARDING said that the Secretary of State for the Colonies took a personal interest in this matter. From the Colonial Office point of view it was probably of no great importance whether the new Governor or Resident was responsible for the whole of the services in the Settlement except that the greater the responsibility and authority attaching to the post the more likely it was that a good man would be attracted. It seemed clear that the first appointment should be from the Colonial Service, the necessary consent of the India Governments being obtained. He understood that at present the Resident was appointed by a Notice in the Indian *Gazette* but that, in future, a letter of selection would issue from the Colonial Office and that the appointment would still be made by a Notice in the Indian *Gazette*. From the point of view of the Colonial Office the precise title of the post did not greatly matter.

MR. LAITHWAITE said that he would like to have an opportunity of considering further the question of the title of the new post. He anticipated no special difficulty in carrying out the Cabinet decision that the holder of the post should have the rank of Commander-in-Chief.

MR. HARDING then went on to say that the present salary of the Resident was Rs. 36,000 a year (£2,700); that in future, the Governor or Resident would not be the officer commanding the garrison, and that it seemed therefore that he should receive somewhat less than the present holder of the post. He had therefore suggested that a salary of Rs. 27,000 with duty allowance of Rs. 6,000 (in all £2,475) should be the salary of the new post. He understood that the Resident was provided with a house and that enquiry was being made as to whether he paid any rent contribution.

MR. LAITHWAITE said that he thought it probable that the salary of the post had hitherto been fixed rather in relation to the military rank attached to the post which had been a Major-General's in the Indian Army, than to his political responsibilities. He pointed out that it would probably be necessary to pay not less than Rs. 36,000 a year in order to obtain the right standard of man from India The Resident in the Persian Gulf received Rs. 48,000 a year, Second Class Political Residents Rs. 36,000, and the Commissioner in Sind, including allowances, Rs. 60,000.

MR. WATERFIELD considered that it should be possible to have two rates of salary for the post, one for officers obtained from the Colonial Service and a higher rate for officers obtained from the Indian Service. While the officer would be relieved of much of the military work which the Resident had hitherto performed he would probably have to undertake much more political work and if, as was suggested, he

should receive wider powers in regard to Settlement matters, it would be necessary to take that fact into consideration. Mr. Waterfield said that proposals on the lines suggested by Mr. Harding should be placed before the Treasury officially.

Civil Officers.

The Committee then considered the proposals of the Bombay Government as regards the allocation of expenditure as between the British and the Indian Governments. MR. LAITHWAITE made the following explanations. The Civil Surgeon, of whose salary it was proposed that one-fifth should be borne by the British Government, was responsible for the staff in Aden. Sumptuary allowance or entertainment allowance was paid only to the Resident. The Superintendent was in charge of the Registry.

The Committee agreed that as regards the allocation of the salary of the Resident nothing could be done until the views of the Government of India had been received.

MR. HARDING suggested that instead of having, as was now proposed, two Assistant Residents, who should each perform both political and civil duties, there should be under the Governor or Resident a Protectorate or Political Secretary, who would be solely concerned with the Protectorate work, the work of the Settlement being performed by officers who devoted themselves entirely to this duty.

MR. LAITHWAITE considered that there would be strong objections from India to this proposal, if it meant that the officer performing the political work was to come invariably from the Colonial Service. The Indian Governments considered it important that the 1st Assistant Resident should be regarded as a training ground for the post of Governor or Resident and he thought that they would not agree to a clear-cut division in the ranks below the post of Resident of political from civil duties on any such understanding. On the other hand, he agreed that the appointment of two political military officers as proposed by the Air Ministry would react upon the amount of the political work, whilst the fact that the new Governor or Resident would be able to devote himself almost entirely to political and civil matters, whereas the Resident had hitherto been concerned also with military matters, would have to be borne in mind in considering the salary of the First Assistant Resident since he presumably would be required to undertake less civil and military responsibility in future.

MR WATERFIELD thought that it would be unwise to attempt to introduce new principles until some experience of the new arrangements had been obtained. He suggested that it might be possible to fill the post of 1st Assistant Resident on an acting basis and to leave the allocation of duties unchanged for a year or so.

MR. LAITHWAITE stated that if the first Governor or Resident were appointed from the Colonial Service, the Government of India would insist that the first Assistant Resident should be appointed from the Indian Service but he saw no difficulty in regard to the proposal that the appointment should be made on an acting basis pending final arrangements, provided that no substantive appointment had actually been made. (It has since been found that Major Fowle has been substantively appointed to the post.)

It was decided that a further meeting should be held at 11.30 a.m. on Tuesday, the 31st January.

C. 59281/28 [No. 15].

No. 2.

STANDING ADEN COMMITTEE.

MINUTES OF THE SECOND MEETING, HELD ON THE 31ST JANUARY, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair).
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.
Mr. C. G. Evans.
Mr. A. P. Waterfield, C.B.
Mr. J. A. Simpson.
Mr. J. G. Laithwaite.
Mr. F. J. Howard, O.B.E
Mr. S. Robinson (Secretary).

Tribal Levies.

MR. HARDING said that at the Inter-Departmental Conference held on the 30th January, the question of the Levies had been disposed of for the present It had

been decided that the Levies should be raised under the British Army Act and that the Air Ministry should be responsible for them.

MR. WATERFIELD said that the cost must clearly be borne on the Air Vote. He suggested that the Air Ministry should examine the position and if necessary ask the Treasury to authorise the Colonial Office to retain in whole or in part the provision inserted in the draft estimates for the forthcoming year for the cost of the Tribal Levies, to be paid to the Air Ministry as an Appropriation-in-Aid for the cost of the Levies during 1928.

Aden Troop.

MR. EVANS referred to Government of India telegram No. 216 S of the 30th of January* stating that the Government of India could not agree to leave detachments of the Indian Battalion at Perim and Kamaran unless the parent Battalion was at Aden. The Air Ministry were about to propose to the India Office that the detachments of the Indian Battalion now at Perim and Kamaran should be relieved by detachments from the Aden Troop and that the two officers required for these detachments should be supplied temporarily by the Indian Battalion, these arrangements to hold good until the necessary additional Police were available to replace the military detachments at Perim and Kamaran.

MR. LAITHWAITE said that the India Office would have to consult the Government of India on these proposals.

MR. HOWARD pointed out that in the case of 'Iraq, it had been necessary to accept on British funds a charge for the cost of the Indian Battalion for a period of three months after their departure from 'Iraq.

AIR VICE-MARSHAL SIR IVO VESEY said that he understood that, while the present Battalion at Aden would not on its return be disbanded, the Indian Government would disband another Battalion in its place, and that a period of three months was required for this disbandment.

MR. WATERFIELD remarked that any question of a charge being made against British funds for the cost of the Battalion after its withdrawal from Aden, might be left to the Government of India to raise.

AIR VICE-MARSHAL SIR IVO VESEY said that the Chief of the Air Staff had not yet decided whether he wished that half of the Aden Troop should be disbanded forthwith It was hoped that it would not be necessary to provide reliefs for the detachments of the Troop sent to Perim and Kamaran The Air Ministry proposed to inform the Resident of the general proposals and to invite him to consider in advance of authority to act upon them, the measures to be taken to give effect to the proposals.

Major Lake.

MR. EVANS said that the Air Ministry proposed to ask the India Office to arrange for the services of Major Lake to be placed at the disposal of His Majesty's Government in the first instance for a period of four months, and that he should be instructed to report to the Air Ministry at the earliest posible date, the Air Council accepting financial responsibility for his pay allowances and travelling expenses on the customary scale.

MR. SIMPSON pointed out that there might be a small question of pension contribution, and that as Major Lake was actually on the North-West Frontier, it might take a few days to arrange for an officer to take over from him He did not, however, anticipate that the Government of India would raise any objection. These proposals were agreed to, it being understood that the Air Ministry would obtain formal Treasury sanction.

MR WATERFIELD at this point asked that any proposal for which he gave informal Treasury sanction as a matter of urgency at a meeting of the Committee should be submitted in due course for official approval.

Police.

It was agreed that, in reply to the Government of India's telegram No. 184 S., the Government of India should be informed that the cost of providing and maintaining the additional Police required at Perim and Kamaran under the new arrangements would be borne out of British funds and that the Government of India should be urged to take steps at once to obtain and provide the numbers required to maintain

* *See* C. 59259/28 [No. 18] : not printed.

posts of 25 armed Police and one Officer both at Perim and Kamaran, these arrangements being without prejudice to the consideration of the major questions raised in the Government of India's telegram referred to. As regards these major considerations, it was decided to await the receipt of the despatch promised in that telegram before considering what reply should be returned to the Government of India.

Governor.

MR. LAITHWAITE said that no reply had yet been received from the Government of India as regards the title of the post of Governor or Resident.

Pay.

MR. HARDING said that any decision as to the emoluments of the Governor might have to be altered before the appointment of another Governor and that, it being assumed that the first Governor would be an officer with Colonial experience, the salary should for the present be fixed at a rate suitable for such an officer. If and when an officer was appointed from the Indian service to be Governor, the matter could be reconsidered. He understood that the present Resident received, with a sumptuary allowance of Rs. 500 a month, £3,150 a year in all. He had himself suggested that the new Governor would be appointed at a salary of Rs. 27,000 with a duty allowance of Rs. 6,000 a year. Whether the new Governor received duty allowance or entertainment allowance made in fact no difference to his emoluments. As regards income tax, enquiries would be made on the point but he suggested that the question should be considered on the assumption that income tax on the Governor's salary would be levied at British rates.

MR. LAITHWAITE agreed that on the assumption that the first incumbent under the new system would come from the Colonial Service, the immediate question for settlement was that of the salary suitable in the case of such an officer. The Government of India had been asked by cable for their views on the salary to be given to an Indian Service incumbent, and that point could be considered further on their receipt. As regards the salary of a Colonial Service incumbent, Mr. Laithwaite suggested that it was necessary to bear in mind the fact that the Judicial Assistant would on an average receive a salary of about £2,100 a year and that the First Assistant Resident would be unlikely to receive a salary of less than about £1,800 a year (the late First Assistant on vacating was in receipt of approximately £2,200 (Rs. 2,100 plus £30 per mensem)).

MR. HARDING saw less difficulty as regards the relation between the amounts of the emoluments of the Governor and Judicial Assistant than as regards the relation between the emoluments of the Governor and the First Assistant Resident, and after discussion it was agreed that the emoluments of the Governor should consist of a salary and an Entertainment Allowance. The Colonial Office would make proposals to the Treasury and India Office as to the amounts of the salary and the Entertainment Allowance.

Pension.

It was agreed that legal advice should be taken as to whether the Governor would fall within the scope of the Pensions (Governors of Dominions, &c.) Acts, 1911 and 1913, and if not, to consider whether provision should be made to include the Governor in the amending Bill, which is at present under consideration. It was further agreed that financial provision for the pension of the Governor, when an officer from outside the Indian Service, should be made from British funds, and that when an officer from the Indian Service was appointed as Governor, provision should be made by India for his pension.

Civil and Protectorate Staff.

MR. HARDING said that he was instructed to inform the Committee that the Secretary of State for the Colonies could not agree to the proposal that one of the two officers at Aden who would deal with Protectorate affairs should always be an officer from the Indian Service; and to press strongly that Protectorate work should be dealt with by an officer employed solely for that work, the First Assistant Resident being left to do Settlement work. The new officer, who might be called the Protectorate Secretary, should be an officer of lower status and receive a lower salary than the First Assistant Resident, the First Assistant Resident being definitely the second officer in the Administration and acting for the Governor in his absence The Protectorate Secretary would thus deal solely with Protectorate work and the First Assistant Resident solely with Settlement work except when the Governor was absent

on leave; and the First Assistant Resident would, in the absence of the Governor, obtain experience of the work of the Protectorate under the best conditions, since he would have the advice of an officer permanently employed on that duty. The Protectorate Secretary would always be an officer with Colonial experience and the First Assistant Resident always an officer of the Indian Service.

MR. HARDING added that he was not able to give any pledge that the Secretary of State for the Colonies would agree that the Governor should be alternately an officer with experience of the Colonial Service and an officer from the Indian Service. He suggested that the Protectorate Secretary would normally be relieved by one of the District Inspectors. The proposals would be placed before the India Office and Treasury officially.

Pay of District Inspectors.

MR. HARDING said that it was evident that Major Lake's appointment would prove expensive. He understood that as a Major in the Army he received Rs 1,290 if single and Rs. 1,435 a month if married. If he became a Lieutenant-Colonel in Command he would receive Rs. 1,800 if single or Rs. 1,950 if married, and if not in command, Rs. 1,500 if single and Rs. 1,650 if married. He thought that it was desirable that the salaries of the posts of District Inspectors should be fixed without regard to the special claims of particular officers who might be appointed to them and if necessary a personal allowance should be paid to Major Lake.

MR WATERFIELD agreed that, in this particular instance, a strong case might be made out for a personal allowance to Major Lake. though he hoped that account might be taken of the pension which presumably Major Lake would be entitled to receive from India on retirement from the Indian Army; but he reminded the Committee that the Treasury were much averse from the giving of special rates of salary in order to attract individuals, and he hoped that this would be borne in mind in dealing with the amount of Major Lake's salary.

It was decided that a further meeting of the Committee should be held at 11.30 a.m., on Tuesday, the 7th of February.

C. 59281/28 [No. 16].

No. 3.

STANDING ADEN COMMITTEE.

MINUTES OF THE THIRD MEETING, HELD ON THE 7TH FEBRUARY, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair).
Air Vice-Marshal Sir Ivo Vesey, K.B E , C.B., C.M.G., D.S.O.
Mr. E. J. Turner, C.B.E.
Mr. A. P. Waterfield, C.B.
Mr. D. G. Osborne.
Mr. J. A. Simpson.
Mr. J. G. Laithwaite.
Mr. F. J. Howard, O.B.E
Mr. S. Robinson (Secretary).

Administration of Kamaran.

MR. OSBORNE stated that the Foreign Office would have no objection to the transfer of the administration of Kamaran from the Indian to the British Government provided that it were made unobtrusively. The Island had been occupied to prevent Italy from occupying it. In the record of the conversations at Rome between Sir G. Clayton and representatives of Italy it was stated that Italy could not permit the establishment of any European power in Kamaran and Italy would, no doubt, seize any opportunity to question our position in the Island.

MR. TURNER said that the India Office had considered it desirable that the administration of the Island should be transferred to the British Government since the position was exceedingly delicate and the Administrator, acting under orders of the Government of India, who were not responsible for political considerations, might take some action which would lead to international complications. He had anticipated

that the Foreign Office would wish the administration to be in the hands of the British Government, but as it appeared that the transfer might, at any rate, at present be politically undesirable, the India Office would, he thought, be prepared to allow the matter to stand over for a year or so.

MR. HARDING said that while it was true that certain changes were to be made in the garrison of Kamaran it would, he thought, be easier to give reasons for the changes in the garrison than for the transfer of the administration to the British Government. From the Colonial Office point of view, it was preferable that the administration should remain under the Indian Government for a little time, even if there were no question as to our rights in Kamaran, as the question of the provision of the staff necessary for the administration of the Island could better be examined when the new Governor of Aden had taken up his duties.

It was agreed to recommend that the question of the transfer of the administration should be left in abeyance for a year or so as it seemed that the transfer might be undesirable on political grounds and it would be well to await the outcome of the protests which it was anticipated Italy would make in regard to the changes in the garrison of Kamaran.

MR. TURNER said, in reply to a question, that he was under the impression that the British Government had no responsibility for any further deficit that might be incurred on the Kamaran civil budget, but he undertook to make enquiries on this point. MR. SIMPSON added that if it should be agreed that the administration of Kamaran should remain under the Government of India for the present that decision would not affect the question of the responsibility for expenditure incurred in connection with the defence of Kamaran.

MR. WATERFIELD said that he presumed that the detachment of police, which it was proposed should, in future, be stationed in the Island in place of the military detachment, would be paid by the Government of India, who would receive a subvention from Air Funds in respect of the cost of this detachment.

Pension of Governor.

MR HARDING said that legal advice had been taken as to whether the Governor would fall within the scope of the Pensions (Governors of Dominions, &c.) Act of 1911-1913. The Colonial Office Assistant Legal Adviser had pointed out that in Section 1 of the Act of 1913 it had been thought desirable to make it clear that the expression " British Protectorate " included the Malay States and had expressed the view that it would be well, therefore, to include in the forthcoming amending Bill a definite provision that the expression " British Protectorate " included the Aden Protectorate. Mr. Harding added that in all the territories concerned, except the Malay States, the Crown had jurisdiction and that the Crown, of course, had no jurisdiction in the Aden Protectorate.

MR. WATERFIELD agreed that provision should be made in the forthcoming Bill as recommended by the Colonial Office Assistant Legal Adviser. He added that he presumed that since the grant of a pension was within the discretion of the Secretary of State, it was not necessary to make any special arrangement to provide that where the officer holding the appointment of Governor was an officer from the Indian Service he should not receive a pension under the Pensions (Governors of Dominions, &c.) Acts. Otherwise it would be necessary to make arrangements with the Indian Government on this question.

MR LAITHWAITE said that he saw no difficulty in establishing a clear understanding between the Departments concerned that an Indian Service officer should have no claim to any additional pension from British revenues in respect of his services as Governor, a converse arrangement operating in respect of other officers.

It was agreed that the proposal to provide for the pension of the Governor, where the officer was from outside the Indian Service, under the Pensions (Governors of Dominions, &c.) Acts should be recommended officially to the Treasury and that recommendation should, at the same time, be made as to the class of the Governorship for pension purposes having regard to the amount of his salary and to the climate of Aden.

It was also agreed that the India Office should be approached officially on the question of the incidence of pension on the lines accepted at the second meeting of the Committee.

Term of Office of Governor.

MR. HARDING said that the normal term for a Colonial Governor was six years. MR. LAITHWAITE said that he thought that the India Office would consider a term of

six years too long and that he was inclined to recommend that the ordinary term should be one of five years.

MR. WATERFIELD said that he had no observations to make on this matter.

MR. SIMPSON said that the ordinary leave rate for the Superior Civil Services in India Service was 5/22nds of the period spent on duty.

Pensionability of Protectorate Staff.

MR. HARDING said that if officers were seconded from other Services, and this would, no doubt, be the normal arrangement, their pensions could be secured by the payment of contributions. He thought that it was not likely that officers would remain indefinitely on the Protectorate staff.

MR. WATERFIELD agreed that there should be no difficulty in dealing with officers seconded from other services whether military or civilian. If, however, it were necessary to appoint an officer *as extra* the question would arise of giving him pension rights. There should be no difficulty in obtaining a certificate for an officer under the Order in Council of 1910, provided that he was of suitable age and that it was reasonably certain that he would receive permanent employment, but a certificate could not be given if the employment was for a limited period.

MR. SIMPSON said that so far as Major Lake was concerned no difficulty would arise. The Government of India would, doubtless, be prepared to second Major Lake for as long a period as required, on the understanding that there would be no question of his reversion to their service. The British Government would pay Major Lake whatever salary they desired and he was willing to accept and this would not affect the question of his pension which would be secured by the payment of the ordinary pension contribution

MR. SIMPSON thought that Major Lake would, in the ordinary way, retire in 1934, that is to say after four years' service with the rank of Lieutenant-Colonel. By remaining on the pensionable establishment of the Government of India until 1934, Major Lake's pension would rise from about £500 less cost-of-living cut of 4½ per cent. to £800 less cost-of-living cut.

Salaries of District Inspectors.

MR. WATERFIELD suggested that while Major Lake might be appointed under some special arrangement, it was desirable to fix the salary to be paid to officers holding this appointment.

After discussion it was agreed that having regard to the special qualifications required for the post, it would not be possible to offer an initial salary of less than £700, and that as it was not anticipated that the officers would remain many years in the Service a long scale was not necessary and that £800 or £900 might be the maximum of the scale. (Mr. Waterfield thought that it should not be necessary to exceed £800.) The Protectorate's Secretary might be placed on the scale of £800 to £1,000, but the District Inspectors would have to be paid a commuted allowance in view of the fact that their duties would involve considerable travelling.

MR. LAITHWAITE thought that it was unlikely that there would be difficulty in providing the Protectorate's Secretary with a house as he would, no doubt, displace one of the existing Assistant Residents. The ordinary Indian rule as regards rent was that an officer was liable up to 10 per cent. of his salary and this rule was usually enforced.

Perim.

It was agreed that no action was required at the present stage as regards provision for the performance of the civil duties at Perim. It was proposed that a detachment of the Aden Troop should replace the present detachment of the Indian Battalion at Perim and the officer with that detachment would carry out the civil duties in Perim. If and when the detachment of the Aden Troop is replaced by a detachment of Police, the Police officer would be able to do these duties.

MR. LAITHWAITE pointed out that the civil duties were at present carried out by the officer of the military detachment in Perim at a cost of Rs. 300 a month, and that if the garrison of Perim were at any time in the future to be so organised that there was no Military or Police officer in the Island who might undertake these duties, the Government of India would probably raise very strong objections as they would be involved in considerable additional expenditure by the provision of a special civil officer, for whom, in addition, there would probably not be a full day's work.

Allocation of Expenditure.

It was pointed out that if the final observations of the Government of India as regards the allocation of expenditure between the two Governments were not received before the 31st March, 1928, so as to permit of the payment of a sum approximating closely the amount due from the British Government for Aden expenditure during the current financial year, the British Government would be placed in considerable difficulties and the India Office representatives agreed to press again for the Government of India's final comments.

Title of Secretary for Protectorate Work.

MR. LAITHWAITE suggested that it would be more convenient if the officer who would undertake this work were styled Second Assistant Resident and Protectorate Secretary.

MR. HARDING said that he saw no objection provided that it was clear that the appointment was one in which the British Government alone was concerned.

It was agreed, after discussion, that should the arrangement proposed by the Colonial Office regarding the Protectorate Secretary be accepted and that official replace the Second Assistant, the duties of the First Assistant should, when he was acting for the Governor, be discharged by the Third Assistant and not by the Protectorate Secretary. In the improbable event of both Governor and First Assistant being absent or incapacitated, the second Assistant and Protectorate Secretary would however act as Governor.

C. 59281/28 [No. 17].

No. 4.

STANDING ADEN COMMITTEE.

MINUTES OF THE FOURTH MEETING, HELD ON THE 17TH FEBRUARY, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair)
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.
Mr. C. G. Evans.
Mr. A. P. Waterfield, C.B.
Mr. J. G. Laithwaite.
Mr. F. J. Howard, O.B.E
Mr. S. Robinson (Secretary).

Garrison for Perim and Kamaran.

THE Committee had before them copies of Government of India telegrams Nos. 309 S., 310 S. and 323 S.*

AIR VICE-MARSHAL SIR IVO VESEY said that Group Captain Burnett had proposed that 25 well-trained police should be placed in each of the Islands.

The Air Ministry endorsed this proposal and were most definitely of the opinion that 25 armed police were the maximum required in each Island to meet the needs of internal security. They were not prepared to depart from this view.

Their agreement to despatch detachments each of 40 to 50 men of the Aden Troop, as a temporary measure, was given solely in order to remove any obstacle, on the part of the Government of India, to the immediate withdrawal of the Indian Battalion. This temporary arrangement is entirely without prejudice to the actual requirements in the form of armed police, as viewed by the Air Ministry.

The present Resident in Aden entirely disagreed with Group Captain Burnett's view, and considered that he had under-estimated the requirements. In the Resident's view about 50 police were required in each Island. The urgent problem was, however, to make a start with the training of police who could replace the detachments of the Aden Troop which were about to be sent to the Islands and which must be replaced at the end of six months. In reply to a question he said that the Air Ministry did not contemplate the use of Levies in the Islands as it was feared that this might give rise to international difficulties.

MR. WATERFIELD said that the Treasury had agreed that British funds should bear the cost of stationing 25 armed police in each Island in order to carry out the proposed changes in the garrison of Aden. The only reason why the Treasury had agreed to this proposal was in order to avoid delay, and if the Government of India

* *See* C. 59259/28 [No. 56] : not printed.

insisted that the detachment of police in each Island should be not less than 50 strong the Treasury would have to reconsider the question of the incidence of the cost of the detachments.

MR. LAITHWAITE said that in the opinion of the Secretary of State for India the practical difficulties were real. The India Office understood from the Government of India, telegram 309 S.* that the Government of India had urged the Bombay Government to do their utmost in order to provide the police required for Perim and Kamaran, and had with this in view suggested that if there was difficulty in raising the required forces locally a possible solution might be to transfer police from India to Aden or to raise police for service in the Islands in the Bombay Presidency. He suggested that it was difficult to consider what further steps might be taken until the comments of the Government of India had been received.

MR. HARDING said that the difficulty appeared to be that the Air Ministry was responsible for defence and the Indian Government for internal order, but that it was impossible to draw a definite line between provision for defence and provision for internal order; and that therefore both the Government of India and the Air Ministry were interested in the measures taken and neither could claim to be entitled to disregard the views of the other.

AIR VICE-MARSHAL SIR IVO VESEY then referred to Air Ministry letter No. S. 26745/S. 6 of the 15th of February† to the India Office, in which it was suggested that in order to avoid further discussion and possible delay the number of dismounted cavalry to be sent to Perim and Kamaran should be increased to 40 or 50 men. In a letter‡ to the Colonial Office of the same date the Air Ministry had suggested that it would not be convenient to recruit the additional police required from the disbanded ranks of the Aden Troop, but provided that the conditions upon which the disbanded ranks of the Troop were enlisted as police did not entail the provision of furlough in India Sir Ivo Vesey was now inclined to the view that suitable recruits might be found from the Aden Troop.

MR. LAITHWAITE then said that the Government of India had now reported that arrangements had been made for the withdrawal of the Indian Battalion from Aden on the 9th of March, and that the Indian Government had agreed that two officers of the Battalion should remain to take charge of the detachments of the Aden Troop which were to proceed to Perim and Kamaran. The immediate necessity had, therefore, been met.

AIR VICE-MARSHAL SIR IVO VESEY again urged that it was important to take early steps to raise the additional police required, and after discussion it was agreed to recommend that a telegram should be sent to the Government of India saying that His Majesty's Government anxiously awaited their comments upon the question of the provision of armed police and informing the Government of India that there was no objection to the recruitment of such police from the Aden Troop provided that their conditions of service did not entitle them to furlough in India.

As regards pay and allowances, MR. WATERFIELD suggested that possibly the additional police could be paid at the same rate as the existing Aden Police, but that men should be encouraged to qualify for duty in the Islands by the award of proficiency pay, and that they should receive an additional allowance for actual duty in the Islands. After discussion it was agreed that it was necessary to obtain further information before this aspect of the question could be examined and that the Resident should be asked what rates of pay he would suggest for the additional police, whether he recommended a normal rate of pay, with an increased rate for actual service in the Islands; what were the rates of pay for the Aden Troop; what percentage of the additional police would be required for ordinary relief and what for leave, &c., and whether additional police required for relief could be used to reduce the strength of the normal police establishment on the mainland. The Resident should, at the same time, be informed that His Majesty's Government saw no objection to the recruitment of the new police from the Aden Troop provided that their conditions of service did not entitle them to furlough in India.

MR. WATERFIELD said that it was desirable to remove any doubt as to the extent of the undertaking made in the Secretary of State for India's telegram No. 306 of the 1st of February§ to the Government of India accepting the cost of providing and maintaining additional police required at Perim and Kamaran. He thought that it should be made clear to the Government of India that if in deference to their views the strength of the detachments of police to be stationed in Perim and Kamaran were

* *See* C. 59259/28 [No. 56]: not printed.
† *See* C. 59259/28 [No 63]: not printed.
‡ *See* C. 59259/28 [No. 62]: not printed.
§ See C. 59259/28 [No. 18]: not printed.

increased the British Government would have to consider whether and how far they were liable for the additional cost. Any increase in the strength of the detachments should be without prejudice to the question of cost, and if the police provided for relieving the detachments were employed in the Settlement, then India might fairly be asked to bear if not the whole at least part of their cost.

MR. LAITHWAITE said that if the question of incidence was to be reopened it would no doubt be taken up officially with the India Office by the home Departments concerned. He must, however, make it clear that, as matters stood, the responsibility accepted by the British Exchequer for the cost of providing and maintaining the additional police who would be required at Perim and Kamaran under the new arrangement, was unqualified. India would not agree to bear any charge in respect of these bodies. The provision of these police was directly necessitated by the withdrawal of the military detachments which were a British liability; in the view of the India Office any charge necessitated by their provision must in consequence fall on British revenues, and the principle was the same whether experience showed that the number of armed police necessary to discharge the duties formerly discharged by the military detachments was, as at first suggested, 25, or, as now seemed possible, 40-50. He agreed at the same time that, should India be able and willing to use any of the new armed police in permanent relief of the ordinary civil police of the Settlement, &c., a counter claim in respect of this would reasonably lie against Indian revenues.

Cost of Levies.

MR. HARDING said that a sum of £20,000 had been inserted in the draft Estimates for the Middle Eastern Services to provide for the Levies and for the staff of District Inspectors. He understood that the present arrangements did not prevent the Air Ministry from paying for the cost of the Levies and being reimbursed by the Colonial Office. The Colonial Office were anxious to avoid anything similar to the arrangements made with regard to the 'Iraq Levies, where the Colonial Office had to provide Paymasters, pay family remittances and leave salaries, audit the monthly accounts, &c.

MR. EVANS replied that the Aden Levies was comparatively a very small force, that the difficulty of the Colonial Office was apparently a practical one, whereas the difficulty from the Air Ministry point of view was one of principle. It was not proper for the Royal Air Force to raise a force of that kind. The War Office refrained from doing so, and *a fortiori* the Air Ministry should refrain from doing so.

MR. HARDING pointed out that theoretically the Levies would be raised by the Government of India. The Aden Levies must be regarded as part of the garrison of Aden, and the War Office had, in fact, been responsible for local forces in the past, *e.g.*, the West India Regiment and the West African Regiment.

MR. WATERFIELD said that in order to show the whole cost of the Middle Eastern Territories it had originally been decided to include on the Middle Eastern Vote all defence charges. Subsequently when the amount of the Middle Eastern Services Vote had been considerably reduced, it was decided that the Middle Eastern Services Vote should bear not the whole cost of defence, but only the excess cost of the units stationed in the Middle East over their cost if stationed in this country. So long as that principle was maintained, he thought that the Middle Eastern Services Vote must bear the cost of the Aden Levies. He suggested that the Air Ministry might act as agents in all respects for the Aden Levies, and that the Colonial Office should, as in the case of the Indian Battalions employed in 'Iraq, pay the Air Ministry on receipt of certified accounts of disbursements. A lump sum would then be inserted in the Middle Eastern Services Estimates for the cost of the Levies. In that case the Colonial Office would be formally responsible to the Public Accounts Committee for the Levies, but he thought that they would be able to call in the Accounting Officers of the Air Ministry as their agents. He undertook to discuss the matter with the Treasury Officer of Accounts.

MR. EVANS said that he thought that such an arrangement would meet the Air Ministry's difficulties.

MR. HARDING added that he was prepared to recommend the acceptance of an arrangement on these lines. The Colonial Office was prepared to assist as much as possible, but it was not its proper work to do the detailed work connected with a force of this kind.

C. 59281/28 [No. 18].

No. 5

STANDING ADEN COMMITTEE.

MINUTES OF THE FIFTH MEETING, HELD ON THE 1ST MARCH, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair).
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.
Mr. A. P. Waterfield, C.B.
Mr. J. G. Laithwaite.
Mr. J. A. Simpson.
Mr. R. H. Haylett.
Mr. S. Robinson (Secretary).

Station Ship duties at Aden.

The Committee had before them Government of India telegram No. 85 of the 4th of February.*

MR. HARDING said that the Resident at Aden had pressed strongly that a station ship should be provided at Aden. There had been such a ship in the past but it had been absorbed in the Indian Marine Service and the duties had since been carried out by contract with Messrs. Cowasjee Dinshaw and Brothers, covering the requirements of the Government of India, Military requirements, and the requirements of the Board of Trade.

AIR VICE-MARSHAL SIR IVO VESEY said that at any rate after the armed Police had been established at Perim and Kamaran it might be said that Military requirements had ceased entirely. Visits of the Resident and senior officers from Aden could be made by air and, so far as he was aware, the only military necessity for shipping arrangements was the provision of such stores as might be required during the next few months whilst the Aden Troop detachments were temporarily in the Islands.

MR. LAITHWAITE said that in the view of the India Office the incidence of the cost of shipping arrangements made in connection with the detachments, whether military or police, maintained in Perim and Kamaran should follow the incidence of the cost of the detachments themselves. Arrangements made for victualling, relieving, &c., the detachments must obviously be borne by the British Government if the cost of the detachments was borne by the British Government.

MR. WATERFIELD pointed out that the British Government only accepted the cost of the armed police to be stationed in Perim and Kamaran in order to avoid delay in carrying out the proposed changes in the garrison of Aden.

MR. HAYLETT said that it was as yet uncertain when the Board of Trade would be able to hand over the Red Sea Lights to the Administration des Phares de l'Empire Ottoman but that it seemed probable that the Board of Trade would be responsible for the Lights until May or June at least. The Lights had to be visited monthly and, under our arrangement made with Captain Glanville, the Port Officer at Aden who acted as officer in charge of the Lights, a Civil Surgeon from Aden made the trips to see the light keepers and inspect the water supply. It was not known at the Board of Trade how often Captain Glanville went himself. If the Administration took over the management they would probably make their own arrangements about a ship.

It was agreed to recommend that a telegraphic enquiry should be addressed to the Resident on the subject, asking for the terms of the existing contract and the most economical means of providing for the service of the Lights and for the supply of stores monthly to the detachments of the Aden Troop in Perim and Kamaran on the assumption that there would be no relief of the Aden Troop within the next six months and that no passengers would be carried to the Islands by boat except the Port Officer and Civil Surgeon.

Repairs to Red Sea Lights.

MR. HAYLETT said that the repairs to the Red Sea Lights had hitherto been supervised by the Commanding Royal Engineer, Aden Brigade. The work was done by a local contractor but the local contractors were not reliable and required supervision. The Board of Trade were informed by the officer in charge of the Red Sea Lights that

* *See* C 59289/28 [No. 1] : not printed.

all civil works including the Red Sea Lights, which had been administered hitherto by the Commanding Royal Engineer, Aden Brigade, had been handed over to the Aden Board Trust, but that the Trust were unwilling to take over responsibility for the repairs of these lighthouses.

AIR VICE-MARSHAL SIR IVO VESEY saw no reason why the Resident Engineer attached to the Royal Air Force in Aden should not carry out the duties hitherto carried out by the Commanding Royal Engineer and it was agreed that the Board of Trade should communicate with the Air Ministry and should ask whether the Air Ministry would be prepared to allow the Resident Engineer to supervise the repairs of the lighthouses.

MR. HAYLETT mentioned that Captain Glanville received a small allowance for his duties as officer in charge of the Red Sea Lights and that the Civil Surgeon who visited the Lights monthly also received a small allowance. He presumed that these arrangements would continue.

Resident's Pension.

MR. LAITHWAITE said that the point had been raised in the India Office whether, if the pension of the Resident where the Resident was an officer from outside the Indian Service, was provided entirely from British funds, the cost of the provision would be taken into account in determining the amount of India's contribution towards the military and political charges of Aden after the preliminary period of three years. The India Office were prepared to agree to the proposals made for the provision of the Resident's pension entirely from Indian funds where he was an officer of the Indian Service, and entirely from British funds where he was an officer from outside the Indian Service, only on the understanding that the provision of the Resident's pension was not taken into account in fixing the amount of the Government of India's contribution.

MR. WATERFIELD agreed with this view but said that he thought that the acceptance of it by the Treasury would be based on the assumption that generally speaking officers from the Indian Service and officers from outside the Indian Service would alternate in the post of Resident.

Allocation of Expenditure.

It was agreed to recommend that if the final observations of the Government of India regarding the allocation of expenditure between the two Governments were not received within a day or so, the Government of India should be asked to report at once the approximate amount which, in their opinion, was due from His Majesty's Government, in order that payment might be made before the 31st March, 1928, subject of course to any subsequent adjustment that might be necessary.

C. 59281/28 [No. 19].

No. 6.

STANDING ADEN COMMITTEE.

MINUTES OF THE SIXTH MEETING, HELD ON THE 8TH MARCH, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair).
Air Vice-Marshal Sir Ivo Vesey, K.B.E , C.B , C.M.G., D.S.O.
Mr. A. P. Waterfield, C.B.
Mr. J. G. Laithwaite.
Mr. J. A. Simpson.
Mr. W. L. Scott, D.S.C.
Mr. F. J. Howard, O.B.E.
Mr. N. L. Mayle.
Mr. S. Robinson (Secretary).

Allocation of Expenditure.

MR. LAITHWAITE said that the Secretary of State for India had telegraphed privately to the Viceroy on the 5th March, asking that if the final observations of the Government of India regarding the allocation of expenditure could not be forwarded without delay, the Government of India should report at once the approximate amount

which, in their opinion, was due from His Majesty's Government, in order that payment might be made forthwith, subject to any subsequent adjustment which might be necessary.

Aden Levies.

The Committee had before them a memorandum, dated 7th March, 1928, prepared as a result of a meeting held at the Air Ministry on the 5th March making proposals as to the establishment, conditions of service, rates of pay, &c., of the Aden Levies.

The memorandum was read, and certain amendments of detail were made. These have been embodied in the revised memorandum attached to these Minutes.

With regard to disciplinary matters MR. LAITHWAITE explained that it had now been found that the British Army Act did not give power to hold summary courts martial; this power existed only under the Indian Army Act.

MR. SCOTT said that this point was one which was under consideration. He enquired whether the India Office were likely to approve the proposal which had been made to them officially that the Army and Air Force Acts should be amended in this year's Army Annual Bill so as to eliminate the necessity of reference to the Governor-General in Council in connection with the discipline, &c., of Air Force personnel employed at Aden, by placing Aden, for the purpose of the Army and Air Force Acts, in the same position as a colony.

MR. LAITHWAITE said in reply that the amendment proposed by the Air Ministry raised much wider questions than appeared on the surface. The Government of India had in the last couple of days drawn attention to the inconsistency between the terms of Section 33 of the Government of India Act, which vested in the Governor-General in Council the civil and military administration of India (and so of Aden), and the Cabinet decision, under which the military and political responsibility for Aden had been transferred from the Government of India to His Majesty's Government. The question of the amendment of Section 33 to make it conform to the present state of things was by no means straightforward, and might raise difficult political issues. Having regard to this and to the necessity for exploring the situation further, he did not think it likely that the Secretary of State for India would be able to take any action on the Air Ministry proposal, which was obviously closely connected with the general question raised by the Government of India, this year. He understood, however, that the Secretary of State proposed to refer that proposal noncommittally to the Government of India, and ask for an expression of their views upon it. No time would be lost in dealing with it, but the India Office felt that the administrative convenience involved in the maintenance of the existing system could not really be very serious, since the War Office had carried on without having ever found it necessary to make representations to the Government of India or the India Office in identical conditions for several years.

As regards the gratuity which it was proposed should be paid after the completion of each period of four years' service, MAJOR LAKE said that in his view it would not be easy to obtain men if the period of engagement was greater than one of four years. He would propose that the gratuity should be one rupee for every month's service, and that it should not be drawn until the men retired from the Service. In his opinion, probably 70 per cent. of the men engaged would re-engage for a further period, and it was important that a gratuity should be provided in order to secure the men. As regards the rates of pay and allowances, the proposals were based on the rates paid to the Yemen Infantry. He suggested that the men, on engagement, should receive an issue of clothing, and that they should be paid a clothing allowance to provide for renewals. This from experience he regarded as the most economical and satisfactory arrangement.

The Committee accepted, in principle, the proposals contained in the Memorandum as revised, but it was agreed that the Air Ministry should communicate detailed proposals on the question of the payment of gratuities to the Treasury, and that rates of pay and allowances should be examined in detail by the Treasury and Air Ministry.

As regards the British Officer, AIR VICE-MARSHAL SIR IVO VESEY said that the Air Ministry proposed that the Senior Officer should be paid an inclusive salary of £900, and receive free accommodation, and that the second Officer should receive inclusive pay of £700 which might be increased to £750 if it was found impossible to obtain a suitable officer for £700. These rates were based on the rates paid in the 'Iraq Army, allowing for the fact that British Income Tax would be payable. Air Vice-Marshal Sir Ivo Vesey said that the Air Ministry proposed that the tour for an R.A.F. officer in Aden should be one of two years, but the Committee suggested that officers employed with the Levies should be engaged for two tours of two years, with leave in between at the rate of one day's leave for every five days' service.

It was agreed that these proposals should be placed before the Treasury officially.

MR. LAITHWAITE said that the Government of India considered that the force should be raised under their authority. They were prepared to instruct the Resident accordingly. He added that the Secretary of State for India would at once ask the Government of India to take the necessary action on learning officially from the Air Ministry that they wished this course to be taken.

MR. SCOTT said that the Air Ministry would at once communicate with the Resident.

Police.

The Committee had before them a telegram from the Viceroy, No. 474 S. of the 4th March.

AIR VICE-MARSHAL SIR IVO VESEY said that the Air Ministry objected to the proposals made by the Government of India in this telegram. The Air Ministry had been satisfied that a detachment of 25 police in each Island was sufficient, and they were, moreover, strongly averse to granting the new Police Force any military status. In reply to a question, MAJOR LAKE said he thought that it should be possible to raise the Force locally, and that the necessary training could be given in a period of four months, but that he could not give a definite opinion on this point without making investigations locally.

MR. HARDING said that the Government of India and the Resident appeared to assume that it was not possible to recruit the new Police Force locally. He understood that the Air Ministry did not wish to recruit outside Aden. He suggested that the Air Ministry should write to the India Office, explaining that they had not contemplated that the Force should be recruited in India, and that the question should be held over until the Air Officer Commanding, Major Lake, and, if possible, the new Resident, arrived in Aden, and could investigate the matter on the spot. The real question was whether it was possible to recruit in and around Aden the forces of Levies and the force of armed police required. The proposals of the Government of India appeared to be based on Major-General Sir Keith Stewart's statement that the armed police could not be recruited locally. He understood that Major Lake was disposed to disagree with this view, and it did not seem possible to pursue the matter until the Air Officer Commanding and Major Lake had arrived in Aden. The Air Officer Commanding had already left for Aden, and there would, therefore, be no great delay.

The Committee agreed.

Resident's Passage Allowance.

MR. HARDING said that Colonial Governors received passage allowances, the amount of which was fixed for each Colony and had originally been intended to cover the cost of the passage of the Governor and his family and of his staff (the number of which, of course, depended upon the importance of the post) and upon the amount of equipment which he required. The Resident at Aden would be responsible for a considerable amount of entertaining and he suggested that the amount of the allowance to be paid to the Resident, when an officer from outside the Indian Service, should be £300, together with the usual addition of 50 per cent.

After discussion it was agreed that the Colonial Office should propose to the Treasury and India Office that the amount of the passage allowance should be fixed at £250, with the addition of 50 per cent., and that this charge should be borne equally by the British Government and the Government of India.

Residency.

MR. HARDING referred to Colonial Regulations Nos. 389 to 395, which contain the provisions regarding the furnishing of Colonial Government Houses. He explained that the Regulations were at present under revision, and it was probable that it would be proposed that Governors should be relieved of the payment of 5 per cent. per annum on the estimated value of the furniture in the bedrooms, and other rooms not used for the public reception of company, which had been a source of considerable trouble.

MR. WATERFIELD said that he thought that in the Diplomatic Service the practice was as laid down in the existing Colonial Regulations and that the Treasury would probably be disposed to adhere to the existing practice. He agreed that the immediate necessity was to provide a habitable Residency.

MR. LAITHWAITE said that while the Government of India did not normally appear to make grants for the equipment and upkeep of Second Class Residencies he thought

that in the present case, having regard to the report submitted by Sir Keith Stewart, they would, if approached, be willing to co-operate with the Home Government in the matter.

MR. HARDING said obviously much was needed, but that it would perhaps be well to allow the new Resident to take up his office, and to report what he considered to be the requirements. As soon as furniture could be provided, the contract with the local firm for the provision of furniture should be terminated.

MR. SIMPSON pointed out that the responsibility lay with the Public Works Department of the Bombay Government.

The Committee agreed to recommend that the Government of India should be consulted and invited to co-operate in the matter, in view of Colonial practice which should be explained to them, and of General Stewart's report: and that assuming their co-operation they should be invited to instruct the Government of Bombay to submit through them, after the new Resident had taken up office and was in a position to report on the question, proposals for the equipment of the Residency. It was agreed that they should be informed that the British Government were prepared to co-operate in equipping the Residency within reasonable limits.

MR. LAITHWAITE mentioned that the Government of India had reported that they were prepared to grant a Resident when from the Indian Services exemption from the payment of House Rent, Lighting and Sanitary Charges, aggregating to Rs. 168 per mensem. The India Office read their telegram on the subject as meaning that they were equally prepared to extend this concession to a Resident drawn from the British Service. The Committee agreed that the new Resident should be similarly treated.

Resident.

MR. LAITHWAITE said that a telegram had been received from the Viceroy recommending that the Resident at Aden, when an Indian Service officer, should receive the pay of a Second Class Resident in the Indian Political Department, Rs. 3,000 per mensem, plus overseas pay of £13 6s. 8d. per mensem, in addition to the present sumptuary allowance of Rs. 500 per mensem. The sterling overseas pay was a concession granted to all Civil Officers of non-Asiatic domicile in the Civil Services in India, whose salary did not exceed certain prescribed limits. It had not hitherto been issuable to the Resident at Aden because that officer had been a military officer.

Mr. Laithwaite said that the Secretary of State for India had reason to believe that the appointment would have been graded as a Second Class Residency some time ago, had it not been restricted to the Indian Army.

MR. WATERFIELD saw no objection to the proposal, which involved the payment to the Resident, if an Indian Service officer, of a higher salary than the salary paid to the Resident when an officer from outside the Indian Service. The principle that higher salaries must be paid to officers from the Indian Service had been recognised in the case of certain appointments in Persia, and he thought that the salary proposed for the Resident, when an Indian Service officer, might be borne equally by the two Governments.

MR HARDING added that he hoped that it would be borne in mind that the British Government had made a concession in this matter when, as would no doubt be the case, other concessions were asked for by one Government or the other.

It was agreed that the Government of India's proposals should be brought forward officially.

Position of Resident vis-à-vis Governments of India and Bombay on the Civil side.

MR. LAITHWAITE referred to India Office letter of 17th November, 1927,* to the Colonial Office regarding the position of the new Resident, and said that no official reply had yet been received to the proposal that the position of the Resident on the civil side should be assimilated generally to that of the Commissioner in Sind, and that certain Departments should be controlled by the Central Governments.

MR. HARDING replied that he understood that, from the Colonial Office point of view, these proposals would be accepted, but that an official letter would be addressed to the India Office on the subject. It appeared that it would take some time to work out the details.

It was agreed that the India Office should be asked to invite the Government of India and the Government of Bombay to start working out the extent of the delegation to be made on the civil side to the Resident at Aden if this had not already been done.

* No. 26.

Major Lake.

It was agreed that, on general grounds, there was no objection, from the point of view of the India Office or the Colonial Office, to the grant to Major Lake of the local rank of Lieutenant-Colonel, while holding a civil post. The Air Ministry would refer to the India Office officially on this question.

It was also agreed that it was not desirable to attempt to determine the conditions upon which Major Lake might be employed as a District Inspector until the new Resident had had an opportunity of considering the matter and submitting proposals.

Resident's Uniform.

The Committee took the view that the Resident should wear the uniform of the Indian Political Service. Mr. Laithwaite undertook to make enquiries on this question.

Annexure to No. 6

At a meeting held at the Air Ministry on the 5th of March under the chairmanship of Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O., the question of the establishment, conditions of service, rates of pay, &c., of the Aden Levies was discussed. The following proposals are accordingly put forward for the consideration of the Standing Aden Committee.

Composition of Force.

The Force to consist of Headquarters and four platoons, of which three will be dismounted. The question as to whether the fourth platoon should be mounted on camels or be dismounted was left until Major Lake was able from local conditions to put forward definite recommendations. It was stated that 32 camels of the Aden Troop had been held back to meet requirements of the fourth Platoon, if necessary.

Strength.

British Officers	2
Native Officers or Warrant Officers	4
Native Sergeants	9
Native Corporals	10
Native L/Corporals	10
Native Privates	116
Native Buglers or Drummers...	5
	156

and in addition 20 followers (Cooks, Water-carriers, Tailors, Shoe-makers, &c.).

A provisional establishment is given in the Appendix.

As regards the British Officers it is suggested that the officers should have the local ranks of Major and Captain respectively, if of lower substantive rank.

Location.

It is suggested that the Levies should take over the accommodation which will be vacated by the Aden Troop.

Ancillary Services (Medical, &c.).

It was agreed that these Services should be provided by the Air Ministry.

Terms of Service of other Ranks.

(1) For 4 years with option of re-engaging under the same terms with the consent of the O.C. Levies.

(2) Free rations, clothing (except for British Officers) water and accommodation.

(3) Force to serve under the Army Act, revised where necessary to suit local conditions. The question as to whether the O.C. Levies should be able summarily to inflict a fine and should be empowered to hold a summary Court Martial was left for later consideration.

(4) Force to be granted leave on full pay and allowances in accordance with local leave rules, to be drawn up later

(5) Personnel to be eligible for gratuity on completion of each period of 4 years' service and a gratuity to be payable to the widow or next-of-kin in the event of personnel being killed on active service. A gratuity also to be payable in the event of permanent disablement or disability resulting in discharge from the Force; the amount of such gratuity was left for further consideration.

(6) Force to be liable to be called upon to serve anywhere in Arabia or the Red Sea (*i.e.*, Kamaran and Perim) and Somaliland.

(7) Powers of discharge for inefficiency or misconduct to rest with A.O.C. in the case of the Warrant Officers and with the O.C. Levies in the case of other ranks.

(8) Rates of pay and allowances—

Yuzbashi	...	Rupees 100 per month by 10 per annum to 150 per month.
Mulazim	...	Rupees 60 per month by 5 per annum to 80 per month.
Sergeant	...	Rupees 25 per month.
Corporal	...	Rupees 22 per month.
Private	...	Rupees 16 per month.

Followers in accordance with local rates to be fixed by A.O.C.

Proficiency pay:—*Privates* after two years' service Rupees 1 per month, after four years' service Rupees 2 per month and after six years' service Rupees 3 per month. *N.C.O.'s* after one year in the rank Rupees 2 per month, after two years' in the rank 4 per month, after three years 6 per month and after four years 8 per month.

Allowances:—for Sergeant acting as Company Sergeant Major, Rupees 15 per month, for Sergeant acting as Company Quarter-Master Sergeant, Rupees 12 per month, Orderly Room Sergeant Rupees 50 per month, Armourer Sergeant Rupees 10 per month, Signalling Sergeant 8 per month, Bugler Corporal 5 per month, Signalling Corporal 5 per month, Signallers each 2 Rupees per month. Educational L/Corporals Rupees 3 per month. L/Corporals commanding sections Rupees 3 per month. Qadhi, Rupees 30 per month.

The Orderly Room Sergeant would be a locally enlisted Clerk and it is not considered possible to obtain a Clerk for these duties at a rate of pay less than 75 Rupees a month. The Qadhi (Religious Teacher) would, in addition to his religious duties, assist in education. A clothing allowance, the rate of which was left for further recommendation in the light of local experience, was recommended.

Clothing.

It was recommended that the clothing should be on a simple scale, and should, in the main, consist of shirt, shorts, puttees, and puggaree and ammunition boots.

Rations.

The scale of rations would be left to the discretion of the A.O.C. and would be somewhat similar to that drawn by the Aden Troop with any necessary alterations to suit local requirements.

Water.

The scale to be laid down by the A.O.C. would normally follow that drawn by the Aden Troop.

Arms and Equipment.

The scale of arms, ammunition and equipment, &c., would be decided by the A.O.C.

The total cost of pay and allowances (excluding British Officers)—

Pay and allowances	...	Rs. 44,800 per annum.
Rations	...	Rs. 28,400 per annum.

say Rs. 73,000 (£5,000) increasing after 4 years to approximately £5,500.

Rate of Pay for British Officers.

This question was considered in the light of pay issuable to British Officers serving with the Trans-Jordan Frontier Force, 'Iraq Levies and 'Iraq Army and a recommendation will be made to the Committee in the course of a few days.

It was proposed that Major Lake should leave England in time to arrive in Aden on the 1st of April with a view to proceeding with the raising of this Force and the meeting considered that approval of the foregoing should be obtained before he left England in order that he may be able to commence the work of recruitment without any delay.

APPENDIX.

PROVISIONAL ESTABLISHMENT FOR A COMPANY OF ARAB LEVIES TO BE DESIGNATED YEMEN INFANTRY.

Detail	Fighting Personnel. British Captains	British Subalterns	Arab Officers Yuzbashis	Arab Officers Mulazims	Arab Other Ranks Sergeants	Arab Other Ranks Corporals	Arab Other Ranks Paid L/Cpls.	Arab Other Ranks Privates	Arab Other Ranks Buglers	Arab Other Ranks Total	Followers Cooks	Followers Water Carriers	Followers Sweepers	Followers Tailors	Followers Shoemakers	Followers Qadhi	Followers Total
COMPANY HEADQUARTERS.																	
Company Commander	1																
,, Officer		1															
,, Sergeant Major					1					1							
,, Quarter-Master Sergt.					1					1							
Orderly-Room Sergeant					1					1							
Armourer Sergeant					1					1							
Signallers					1	1		6		8							
Drums and Bugles						1			5	6							
Educational							2			2							
Batmen								2		2							
Religious Teacher																1	1
Followers											1	1	1				3
Tailors														2			2
Shoemakers															2		2
Total—Company Headquarters	1	1			5	2	2	8	5	22	1	1	1	2	2	1	8
3 PLATOONS. *Platoon Headquarters.*																	
Platoon Commander			1	or													
,, Sergeant					1					1							
Batmen								1		1							
Followers											1	1	1				3
Total—Platoon Headquarters			1	or	1			1		2	1	1	1				3
3 *Rifle Sections* of																	
Section Commander						1	or			1							
Riflemen								6		6							
Total—1 Rifle Section						1	or	6		7							
Total—3 Rifle Sections						2	1	18		21							
1 *Lewis Gun Section.*																	
Section Commander							1			1							
Lewis Gunners								8		8							
Total—L.G. Section							1	8		9							
Total—1 Platoon			1	or	1	2	2	27		32	1	1	1				3
Total—3 Platoons			1	2	3	6	6	81		96	3	3	3				9
1 CAMEL TROOP. *Troop Headquarters.*																	
Troop Commander			1														
,, Sergeant					1					1							
Batmen								1		1							
Followers											1	1	1				3
Total—Troop Headquarters			1		1			1		2	1	1	1				3
3 *Rifle Sections* of																	
Section Commander						1	or			1							
Riflemen								6		6							
Total—1 Rifle Section						1	or	6		7							
Total—3 Rifle Sections						2	1	18		21							
1 *Hotchkiss Gun Section*																	
Section Commander							1			1							
Machine Gunners								8		8							
Total—H.G. Section							1	8		9							
Total—Camel Troop			1		1	2	2	27		32	1	1	1				3
Total—COMPANY	1	1	2	2	9	10	10	116	5	150	5	5	5	2	2	1	20

N.B.—It is considered that the above is the minimum numbers in the interest of efficiency and good organisation.

SUMMARY.

	B.O.'s.	A.O.'s.	Sergts.	Corpls.	Paid L/Corpls.	Privates.	Followers.
Company Headquarters	2		6	1	2	16	8
3 Platoons		3	3	6	6	81	9
1 Camel Troop		1	1	2	2	27	3

NOTES.

1. It is suggested that the ranks of "Captain" and "Lieutenant" for the B.O.'s need not necessarily be adhered to. It might also be advisable to grant local rank for both.
2. The Orderly-Room Sergeant would be a locally enlisted clerk.
3. Armourer-Sergeant would have to be trained locally.
4. It is considered that a few signallers are essential.
5. It is considered a School is essential. N.C.O.'s must have a certain amount of education to enable them to do their duties and most of the local Arabs are illiterate.
6. The Religious Teacher (Qadhi) would lead the prayers in the mosque, and assist in the School.
7. Extra personnel for the Camel Troop, e.g., "Farrier Sergeant," may be necessary.

C. 59281/28 [No. 20].

No. 7.

STANDING ADEN COMMITTEE

MINUTES OF THE SEVENTH MEETING, HELD ON THE 22ND MARCH, 1928.

Present:

Mr. F. J. Howard, O.B.E. (in the Chair),
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.,
Mr. A. P. Waterfield, C.B.,
Mr. J. A. Simpson,
Mr. J. G. Laithwaite,
Mr. R. H. Haylett,
Mr. S. Robinson (Secretary).

Station Ship Duties.

The Committee had before them the Resident's telegram No 48 of the 15th March,* giving the terms of the existing arrangements for the performance of Station Ship duties at Aden.

After discussion it was decided that the present arrangement, whereby the contractor conveys personnel and stores to the Red Sea lighthouses at the cost of Rs. 1,900 per trip, combined with the normal commercial purposes of the voyage, should be continued until the Board of Trade handed over the administration of the Red Sea lighthouses to the Administration des Phares de l'Empire Ottoman, it being understood that this arrangement covered the monthly supply of stores to the detachments in Perim and Kamaran The Committee further agreed that after the Board of Trade had handed over the administration of the Red Sea lighthouses, the monthly supply of stores and the periodical relief of individuals of the detachments in Perim and Kamaran, which would be the only duty then required by the British Government, should be arranged by vessels ordinarily visiting these islands at commercial rates. If for any purpose a special ship was required, the Resident could charter a vessel with the previous sanction of the Secretary of State for the Colonies.

Levies.

AIR VICE-MARSHAL SIR IVO VESEY said that Major Lake considered that there were objections to the title of " Aden Levies " which had hitherto been used for the proposed Levies, as it would suggest that the Levies were raised in the bazaar. He understood that there was objection to the employment of the title " Yemen Levies " which Major Lake had suggested, but that the title " Aden Protectorate Levies " (short title " Protectorate Levies ") was acceptable.

The Committee agreed.

* No. 345.

C. 59281/28 [No. 37].

No. 8.

STANDING ADEN COMMITTEE.

MINUTES OF THE EIGHTH MEETING, HELD ON THE 18TH OF MAY, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair),
Lieut.-Col. G. S. Symes, C.M.G., D.S.O.,
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.,
Mr. C. G. Evans,
Wing Commander R. J. F. Barton, O.B.E.,
Mr. A. P. Waterfield, C.B.,
Mr. J. G. Laithwaite,
Mr. J. A. Simpson,
Mr. M. J. Clauson,
Mr. F. J. Howard, O.B.E.,
Mr. N. L. Mayle (Acting Secretary).

Aden Police.

MR. HARDING referred to the following proposals which were put forward in Air Ministry letters of the 27th of April* and the 12th of May† respectively, viz. :—

(*a*) that the responsibility of raising and maintaining the Aden Police should be transferred from the Government of India to the Colonial Office;
(*b*) that a British Police official should proceed to Aden at an early date with full authority to carry out such measures of training as he considers necessary;
(*c*) that an additional 64 men should be recruited for the Protectorate Levies to replace the detachments of the Aden Troop at Perim and Kamaran.

MR. LAITHWAITE said that he considered it most unlikely that the Indian Government would be prepared to accept the proposal at (*a*). There was the fundamental objection to the proposed transfer on the ground of the Indian Government's responsibility for civil government in Aden. It was also undesirable on political grounds that this responsibility should pass from the Indian Government. With regard to proposal (*b*) he considered that the Indian Government would be able to find a Police Superintendent for this duty who could, if necessary, also supervise the training of the armed police.

SIR IVO VESEY pointed out that the placing of the Civil and Armed Police and Defence Forces under one Department would make for economy in the cost of training the forces and of their administration generally. In reply to an enquiry he stated that it was necessary to have a small armed Police Force to quell minor disturbances for which it would be undesirable to use Military forces.

MR. HARDING said that he knew of no case in which a Colony does not administer its Police Forces. He considered that it would be difficult to press a Department or Government in charge of the civil administration of a territory to hand over the responsibility for the Police Force in that territory. In his opinion, the main factor to be taken into consideration was whether the Force could be raised locally or whether it would be necessary to recruit from India.

COLONEL SYMES said that he was unable to give an opinion on this point at the moment. The late Resident and the Indian Government apparently considered that it was impossible to recruit an efficient armed Police Force locally, whereas the A.O.C. and Major Lake were of the opposite opinion. He considered that he would be in a position to express a definite opinion on the question by the end of August, and he outlined a scheme which he proposed to consider in this connection and which involved the appointment of an officer in command of all the public security forces, including the Levies, the Civil Police and the armed Police. Under the Commandant would be an officer in immediate charge of the Police and also Company Officers in charge of the Levies. There would be intimate liaison between the A.O.C. to whom the Commandant,

* C. 59297/28 [No. 18] : not printed.
† C. 59297/28 [No. 19] : not printed.

as head of the Levies, would be subordinate, the Resident and the Bombay Government, to whom the Commandant would be subordinate in his capacity as officer in charge of the Police. In reply to a question by Mr. Waterfield, he said that he anticipated that such a scheme could be brought into operation by the 1st of January, 1930. He suggested that, in the meantime, the Indian Government should be asked to send a British Officer of the Indian Police Service to Aden forthwith with a view to improving the efficiency of the existing Civil Police Force there.

The detachments required for Perim and Kamaran could be supplied from the Levies at its increased strength of 150 until those duties could be taken over by the re-organised Police Force, into which the surplus Levies could be gradually absorbed, forming a nucleus of the armed section of the Civil Police.

MR. WATERFIELD pointed out that the two urgent questions were those of improving the efficiency of the existing Police Force at Aden in order to obviate any necessity for retaining the British battalion beyond next trooping season, and of providing replacements for the detachments of the Aden troop at Perim and Kamaran.

After further discussion it was generally agreed to make the following recommendations, viz. :—

(*a*) that decisions on the questions of the possibility of recruiting personnel locally for the Aden Armed Police Force and of the transfer of responsibility for the Police Force at Aden as a whole from the Indian Government to the Colonial Office should be deferred pending a recommendation from Colonel Symes on the former question;

(*b*) that, in view of the inefficiency of the existing Civil Police Force at Aden, the Indian Government should be asked at once to send a British Officer of the Indian Police Service to Aden at the earliest possible date with a view to improving the efficiency of the Civil Police Force there;

(c) that an additional 50 Levies, making 200 in all, should be raised and trained for the purpose of providing replacements for the detachments of the Aden troop at Perim and Kamaran. These additional Levies should, if possible, be enlisted on short service terms in order that they could be disbanded on the re-organisation of the Police Forces in the event of it being found impossible to absorb them in the new organisation.

With regard to recommendation (*b*) MR. LAITHWAITE said that on the assumption that the existing Force was inefficient he thought that the Government of India might reasonably be expected to bear the cost involved in bringing it up to a reasonable state of efficiency. It was further agreed that the above recommendations should be submitted forthwith to the respective Secretaries of State for the Departments concerned in view of the fact that the question of the Police Force at Aden is to be considered at the meeting of the C.I.D. which is to be held on Tuesday, the 22nd of May.

Political Military Officers.

SIR IVO VESEY enquired what was the present position in regard to the selection of an officer for the second of these posts, Major Lake being the first selection, and referred to Air Ministry letter of the 16th of May* in which the Air Council asked that an officer should be selected for this appointment at the earliest possible date.

MR. HOWARD (in Mr. Harding's temporary absence) promised to look into the matter.

A.D.C. to Resident.

SIR IVO VESEY enquired whether an Air Force Officer would be required for this appointment.

COLONEL SYMES explained that he hoped to get a Police Officer now serving in Palestine, but that, in the event of this officer not being available, he would obtain an Indian Service Officer.

Railways and Telephones.

MR. WATERFIELD enquired whether the Government of India would be prepared to agree to financial adjustment in respect of the cost of these Services as from the 1st April, 1928. MR. LAITHWAITE asked that the question should be put officially to the India Office. It was difficult to be sure without notice how much was involved, and it was on this that a decision would probably turn.

* C. 59308/28 [No. 3] : not printed.

C. 59281/28 [No. 45].

No. 9.

STANDING ADEN COMMITTEE.

MINUTES OF THE NINTH MEETING, HELD ON THE 29TH JUNE, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair).
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B , C.M.G., D.S.O.
Group Captain C. S. Burnett, C.B., C.B.E., D.S.O.
Mr. A. P. Waterfield, C.B.
Mr. J. G. Laithwaite.
Mr. F. J. Howard, O.B.E.
Mr. N. L. Mayle (Secretary).

Lieutenant-Colonel Sir Stewart Symes, K.B.E., C.M.G., D.S.O., Resident Designate of Aden, also attended.

Change in Secretaryship.

MR. HARDING announced that Mr. Mayle had succeeded Mr. Robinson as Secretary to the Committee.

Aden Police.

MR. HARDING referred to India Office letter of the 26th of June,* on the subject of the police arrangements at Aden, and to the steps which had been taken to implement the conclusions of the Cabinet Committee which considered the question. He pointed out that the Government of India had already been asked to submit alternative schemes for (*a*) local recruitment, and (*b*) recruitment in India of the proposed armed police, and invited the Committee to consider whether it was possible for them to take any further steps in the matter, pending the submission of Sir Stewart Symes' report and the receipt of the alternative schemes for the recruitment of the proposed armed police referred to above.

SIR STEWART SYMES said that, when reporting on the matter, he proposed to put up a complete scheme for the organisation of the police, including details of establishment, terms of service, &c. He mentioned that if he finally decided to recommend local recruitment, he would doubtless also recommend a long term of service, *e.g.*, five years initial period, extending to ten to fifteen years.

MR. WATERFIELD was of the opinion that, in the circumstances, the conditions of service, &c., could not usefully be considered further at the moment. He, however, wished to discuss the question of the incidence of cost of the proposed armed police. He was unable to accept the view expressed in India Office letter of the 26th of June that financial responsibility for the raising of such armed police as are necessary to supplement the existing civil police must be regarded as an Imperial liability. He considered that India should bear the cost of the police at Aden, both armed and unarmed, and that His Majesty's Government should bear the cost of the armed police required for Kamaran and Perim, and possibly make a contribution towards the cost of arming the Aden police.

MR. LAITHWAITE said that the object of the India Office letter of 26th June was to make it clear that India's liability in respect of police at Aden was confined to the provision of a police force competent to discharge the internal security duties normally falling on a civil unarmed police force and that Indian revenues could not accept any liability in respect of the raising of such armed police as were necessary to supplement the existing civil police consequent on the withdrawal of the infantry battalions. He drew attention to the fact, however, that the India Office letter had specifically recognised that the ultimate organisation of the Aden police forces, civil and armed, and of the relation of the civil and armed branches to one another must await decision in the light of the new Resident's recommendations. Clearly, if Sir Stewart Symes recommended a completely different organisation under which, *e.g.*, civil and armed police

* C. 59297/28 [No. 46] : not printed.

were a single force, members of which were, from time to time, employed indifferently on strictly "civil" and on semi-military duties, a different arrangement would have to be reached. Probably in that event the simplest course would be that the Resident should state the proportions in which the newly-organised force discharged those wholly civil internal security duties which were India's liability and the semi-military duties which India regarded as a liability of the Home Government, the cost of the force being divided in corresponding proportions between Indian and Imperial revenues.

He thought that it would not be denied that, assuming the maintenance of the existing organisation, the present civil police, when strengthened and reorganised on such lines as might be recommended by the British police officers now at Aden, would be in a position to carry a heavier responsibility than heretofore; but the Secretary of State for India could not agree that the Government of India should be required to maintain a civil police force at Aden of such a character that it could, in all circumstances, stand without the support of armed forces.

In reply to a question, he said that he thought that the Government of India would probably not dissent from the view that the level of efficiency which might reasonably be expected from the existing Aden civil police was that attained by the police of a civil station in India where there was no garrison but which was within reach of troops.

SIR STEWART SYMES envisaged an organisation comprising separate sections for particular duties, *e.g.*, traffic police, C.I.D., judicial, &c., and including an armed reserve. In such an organisation most of the police would complete the period of training in the armed reserve, which would supply the police detachment required for Perim and Kamaran.

MR. WATERFIELD said that, in the event of the adoption of an organisation similar to that outlined above, he considered that the Indian Government should pay the total cost of the police force, including the armed reserve section, less a proportion of the cost representing the cost of supplying and maintaining the detachment of armed police required for Perim and Kamaran, which would be an Imperial liability.

MR. LAITHWAITE said that, assuming an organisation such as that envisaged by Sir Stewart Symes, he thought that the Indian Government would regard the cost of the police at Aden, in so far as they were maintained either solely as a reserve for the Perim and Kamaran detachments, which were the liability of His Majesty's Government, or for the discharge of liabilities hitherto carried by the infantry battalions, as an Imperial liability, in addition to the cost of the detachments required for Perim and Kamaran.

MR. WATERFIELD pointed out that Indian funds would be relieved of the cost of policing Perim and Kamaran, but MR. LAITHWAITE said that the relief would be very small and that, while clearly the Government of India would have to give credit for it, so far as it went, he doubted whether it would materially affect the Indian Government's views on the question of the Imperial Government's liability for part of the cost of the police at Aden.

MR. HARDING then read out to the Committee a telegram from the Acting Resident at Aden dated the 28th of June* stating the views of the senior British police officer now at Aden on the present state of efficiency of the civil police force.

In reply to a question, MR. LAITHWAITE said that Mr. Gerrard was a highly qualified officer who had been specially deputed to Aden to investigate the efficiency of the existing force and that he thought it most unlikely that the Indian Government concerned would not accept his views on a question of fact.

Detachments for Perim and Kamaran.

MR. HARDING referred to the recommendation made by the Committee at the Eighth Meeting in regard to the replacement of the detachments of the Aden Troop at present at Kamaran and Perim by detachments of the Aden Protectorate Levies.

SIR IVO VESEY said that they had written to the Treasury for authority to proceed with the enlistment of an additional 64 Protectorate Levies for this purpose, and Mr. Waterfield said that the desired authority had been given.

SIR IVO VESEY said that he had not seen the Treasury letter, but that the Air Ministry would now inform the A.O.C. that authority had been given, and request him to take the necessary action. He added that, from the latest report received, it appeared that the Protectorate Levies had been recruited up to the number laid down in the original establishment. The detachments of the Levies for the Islands would

* No. 201.

be drawn from those already recruited in order to avoid delay in the relief of the detachments of the Aden Troop. The first British officer of the Levies was now on his way to Aden, and the second officer had been selected and would sail about the middle of July. He hoped that it would be possible to release Major Lake for Intelligence duties during August, and certainly by the end of September.

MR. HOWARD observed that it had been decided that the cost of the Protectorate Levies should be borne on the Colonial and Middle Eastern Services Vote, and that a sum of £20,000 had been included in Sub-head F.2—Aden—in respect of the cost of the Levies and the cost of the two District Inspectors. He asked that an estimate of the cost of the Levies for the financial year ending 31st of March, 1929, might be furnished to the Colonial Office as soon as possible, and SIR IVO VESEY promised to look into the matter.

Civil Duties Performed by Military Officers at Perim and Kamaran.

MR. HARDING referred to the telegram addressed to the Government of India (No. 1654 of the 15th of June) asking for the Indian Government's views on the question of the arrangements to be made for the performance of the civil duties at present carried out by the military officers in charge of the detachments of the Aden Troop at Kamaran and Perim.

GROUP CAPTAIN BURNETT said that the military officer at Kamaran was not called upon to perform any civil duties except in the absence of the Administrator of Kamaran, in which case he acted for that officer. At Perim, however, the civil duties perfomed by the military officer occupied the greater part of his time. He added that when the detachments of the Aden Troop were relieved by the Protectorate Levies, it was not proposed to station an officer either at Perim or Kamaran.

SIR STEWART SYMES observed that, in view of that proposal, the Air Ministry would be no longer concerned with the question of arranging for the performance of any civil duties when the relief of the Aden Troop had been carried out.

It was generally agreed that the reply to this inquiry should be to the effect that, to the above telegram.

District Inspector.

MR. HARDING referred to Air Ministry letter of the 23rd June.* He enquired whether, having regard to Sir Stewart Symes' view that the actual appointment of the second District Inspector should be deferred until he had ascertained the requirements on the spot, and since Major Lake would be available for Intelligence duties by the end of September, the Air Ministry still desired that the post should be filled forthwith.

GROUP CAPTAIN BURNETT referred to a telegram which had been received at the Air Ministry reporting that the Protectorate tribes, heartened by the bombing, were attacking certain towns which had been in Zeidi occupation for some eight years. He said that, from the Air Ministry point of view, it was most essential that the second District Inspector should be appointed and an Intelligence organisation established at the earliest possible date.

SIR STEWART SYMES said that he recognised the urgency of the question, but, until he had examined the position on the spot and could form some judgment as to the best means of obtaining an effective Intelligence organisation, he would prefer that the appointment of the second District Inspector should be deferred. A further argument in favour of postponing the appointment was that an examination of the existing situation on the spot, and acquaintance with Major Lake, whom he did not know, would enable him to form some judgment of the exact requirements for the second appointment. He pointed out that special qualifications were required, and that it was essential to get the right man in view of the responsibilities attaching to the post. H added that he had an officer in mind who might possibly be suitable for the post, but that, for the reasons explained, he would not wish to put this officer's name forward at the moment. In reply to Mr. Waterfield, he stated that he considered that he would be in a position to judge the requirements of the post three weeks after his arrival in Aden.

SIR IVO VESEY said that the Air Ministry would dissent from the view that the appointment should be deferred, and reiterated the view expressed in Air Ministry

* C. 59308/28 [No. 9]: not printed

letter of the 23rd of June* that the two appointments of District Inspector formed an essential part of the scheme of air control at Aden, and had been accepted in principle by the Secretary of State for the Colonies as one of the conditions under which the Royal Air Force assumed responsibility for defence services at Aden.

MR. HARDING said that it appeared that the appointment was desired primarily by the Air Ministry, and suggested that the Air Ministry should obtain a military officer from the War Office for Intelligence service for such period as he may be required, pending the appointment of the second District Inspector.

MR. WATERFIELD said that he was inclined to agree that the difficulty might be overcome in this manner.

SIR IVO VESEY said that it was very unlikely that the War Office would agree to loan an officer for so short a period. Moreover, it would be difficult to find an officer with suitable qualifications at short notice, and the officer selected would require at least three months to familiarise himself with local conditions. In the circumstances, no good purpose would be served by the temporary appointment of a military officer for Intelligence duties.

After further discussion, it was generally agreed that the Colonial Office should take steps to compile a list of candidates with suitable qualifications for the post with a view to the earliest possible appointment of the second District Inspector at Aden.

MR. WATERFIELD agreed that for this purpose the rate of pay to be assigned to the post might be taken as between £600 and £800 per annum.

SIR STEWART SYMES mentioned in this connection that he thought that the candidates should be under 40 years of age.

Allocation of Expenditure.

MR. HARDING referred to Colonial Office letter to the Treasury dated the 27th of June†

MR. WATERFIELD said that he had not seen that letter, and it was generally agreed that the question should be deferred pending consideration by the Treasury of the proposals put forward in the above letter. The matter could, if necessary, be considered by the Committee at a later date.

MR. LAITHWAITE mentioned in this connection that no reply had been received from the Government of India to the inquiry in the telegram No. 1,654, dated the 15th of June, as to the allocation as between Indian and British funds of the pay of the Assistant Resident at Perim.

Protectorate Secretary

MR. HARDING referred to the telegram from the High Commissioner for Palestine, No 84, of the 21st of June,‡ containing inquiries made by Mr. Champion, the prospective Protectorate Secretary, as to the conditions of service. He said that a telegram had been sent to the Resident at Aden inquiring whether a house would be available for the Protectorate Secretary, and what rent would be payable. No reply had yet been received to that telegram.

SIR STEWART SYMES said that, in his opinion, the inquiry as to allowances related to such allowances as travelling and motor-car allowances, and not to expatriation allowance or cost-of-living allowance.

It was generally agreed to await the receipt of the Indian Government's reply when the Protectorate Secretary was required to travel, he would be granted an appropriate travelling allowance, and in addition, a subsistence allowance, if such travelling necessitated his absence for one or more nights from his official residence.

It was further agreed that Sir Stewart Symes should be asked to submit proposals as to the rates to be laid down for travelling allowance and subsistence allowance after his arrival at Aden.

As regards leave, MR. HOWARD suggested that the 'Iraq rate of one day's leave in respect of five days' resident service should be adopted. It was, however, eventually agreed that the Indian leave conditions, suitably modified, should be applied to service at Aden.

MR. LAITHWAITE promised to furnish a formula suitable for inclusion in the reply to this inquiry.

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* C. 59308/28 [No. 9]: not printed. † No. 48. ‡ No. 103.

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SIR STEWART SYMES suggested that the period of secondment should be three years in the first instance, extendable to five years. The Committee agreed.

Aden Railway.

MR. HARDING referred to the Air Ministry letter of the 12th of June,* containing the Air Council's views on the subject of the retention of certain sections of the Aden Railway, and also to the enclosures to the despatch from the Political Resident at Aden dated the 25th of May,† on the subject. He understood that the present position was that the section Ma'ala to Shaikh Othman was closed to traffic, but had not been dismantled.

It was generally agreed that further consideration of the future of the railway should be deferred pending a report from Sir Stewart Symes on the subject after his arrival at Aden.

MR. WATERFIELD suggested that, as it was understood that there would be a loss on the working of the section of the railway Ma'ala to Shaikh Othman, the Resident should be asked to consider whether the Railway Administration should not increase the difference between the rate at which they bought water at Shaikh Othman and the rate at which they sold it at Ma'ala, in order to meet part, if not the whole, of the deficit on the working of the railway. Mr. Waterfield added that he saw no justification for the acceptance of the whole of the deficit as a liability against British funds.

Water Supply.

It was generally agreed to await a report from Sir Stewart Symes on this subject.

Kamaran Administration.

MR HARDING referred to India Office letter of the 19th of June,‡ on the subject of the administration of the Island of Kamaran. He said that, in view of the political considerations involved, he saw no prospect of an early transfer of the administration of the Island to the Colonial Office, or of regularising the position as regards judicial administration of the Island.

Residency.

MR. LAITHWAITE pointed out that no decision had been taken as to the division as between British and Indian funds of the expenditure incurred in equipping the Residency with furniture, &c.

It was generally agreed that, following the division of expenditure in the case of the Resident's pay, passage allowance, &c., this expenditure should be borne equally by British and Indian funds.

Dairy Farm.

It was generally agreed that further consideration of the question of the transfer of control of the Dairy Farm to the civil authorities at Aden should be deferred pending the submission of a report on the subject by Sir Stewart Symes after his arrival at Aden.

SIR IVO VESEY said that, whilst they were anxious that the Farm should be transferred to civil control, they would wish to be assured that in the event of such a transfer, adequate arrangements would be made for the Farm to be efficiently administered with a view to ensuring a supply of fresh milk for the use of the garrison.

Railways and Telephones.

MR. LAITHWAITE pointed out that the India Office had heard nothing further on the point raised by Mr. Waterfield at the Eighth Meeting of the Committee in regard to financial adjustment in respect of the cost of the services as from the 1st of April, 1928.

MR. WATERFIELD suggested that the proper course would be for the Air Ministry to take the matter up with the India Office. SIR IVO VESEY agreed and promised to arrange for a letter to be sent to the India Office accordingly.

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* No. 189. † No 190. ‡ No. 302

C. 59281/28 [No. 47].

No. 10.

STANDING ADEN COMMITTEE.

MINUTES OF THE TENTH MEETING, HELD ON THE 5TH OF SEPTEMBER, 1928.

Present:

Mr. A. J. Harding, C.B.E. (in the Chair),
Group Captain A. Fletcher, C.M.G., C.B.E., M.C.,
Mr. C. G. Evans,
Wing Commander R. J. F. Barton, O.B.E.,
Mr. A. P. Waterfield, C.B.,
Mr. J. G. Laithwaite,
Mr. M. J. Clauson,
Mr. F. J. Howard, O.B.E.,
Mr. S. Robinson (Acting Secretary)

Police.

MR. HARDING referred to the Cabinet conclusions of the 6th of June, 1928, and informed the Committee that a copy of the Resident's report to the Government of India and a very long report by the Police Officer sent by the Government of India to examine the question on the spot had now been received. The Colonial Office had also received a letter from the Air Ministry dated the 27th of August* stating that the Air Council regarded the proposals contained in the Resident's report as eminently satisfactory, and suggesting that immediate sanction should be given to the proposal that during the period required for raising and training the Police Force proposed, a section of 100 armed Indians should be engaged for temporary service.

(The Air Ministry representatives stated that they had not received a copy of the report by the Police Officer.)

MR. HARDING said that Sir Stewart Symes was about to proceed to Bombay to discuss *inter alia* the question of the Police Service, and it was for consideration whether any action could usefully be taken until the views of the Government of India had been received.

MR. LAITHWAITE said that the Secretary of State for India, who had received a copy of the Resident's report only on 30th August, had telegraphed to the Viceroy on the same day asking him to telegraph urgently whether he considered that it was practicable to take immediate action upon the Resident's proposal that a section of 100 armed Indians should be engaged for temporary service, and adding that while the question of the incidence of the cost of the Resident's proposals as between the British and Indian Governments would need careful consideration examination of it should not be allowed to defer the execution of that part of the scheme. No reply had yet been received to that telegram.

GROUP CAPTAIN FLETCHER said that it was vitally necessary to proceed with the engagement of the armed Indians at the earliest possible date as otherwise the opportunity of engaging members of the Aden Troop would be lost, and also it was necessary to arrange a definite date for the withdrawal of the British Battalion from Aden without delay. The force should be engaged and equipped by the 1st of December if the Battalion was to leave Aden about the end of the year.

MR. LAITHWAITE said that he could make no statement as to the attitude of the Secretary of State for India until the views of the Government of India had been received. As an expression of personal opinion he thought it possible that on the question of organisation the Government of India might be inclined to accept the proposals made by Mr. Gerrard and Sir Stewart Symes, but he thought there would be serious difficulty as regards Sir S. Symes' proposals for the incidence of cost.

MR. WATERFIELD said that the British Government had hitherto undertaken to bear the cost of 25 men to be stationed in Perim and 25 men to be stationed in Kamaran, and had agreed to contribute to the cost of the main Police Force in order to enable provision to be made for relieving the detachments in the two Islands. He calculated

* No 204.

that the contribution from British funds on this basis would be approximately £4,200 a year, whereas the charge against British funds under Sir Stewart Symes' proposals would be £5,625 in the first year. The Treasury were, however, prepared to agree to accept the report as a whole, recognising that it was a carefully prepared document which could not usefully be criticised in this country, and that concessions were required on all sides. If the report were adopted as a whole, he hoped that it would be realised that concessions had been made both by the Air Ministry in regard to, *e.g.*, the question of control, and by the Treasury on the financial aspect, and that concessions were equally required of the Government of India in order to arrive at a settlement in the matter.

MR. LAITHWAITE replied that the proposals increased the cost of the Police by some £13,000 less the contribution to be made from British funds, and the Indian Government would consequently be involved in additional expenditure of approximately £8,000 a year. He anticipated that the Government of India might take the view that all the concessions were to be made by them since on the question of control and similar matters they would probably not, in any event, have been prepared to compromise. He suggested that there was no reason why the recruitment of the 100 armed Indians should not be proceeded with if India thought it practicable, without prejudice to the question of the incidence of their cost. In reply to an enquiry, he saw no reason why the Government of India should not be asked whether they would be willing, if the Treasury anticipated difficulty with their estimates, to provide funds for the 100 armed Indians in the first instance, the ultimate allocation of the cost to be settled later.

MR. WATERFIELD agreed. He said that he thought that, subject to the consent of the Government of India, the recruitment of 150 local Police might also be proceeded with at once, and the Officers required for their training engaged.

The Committee accepted these proposals, and the Members representing the Colonial Office, Air Ministry, and Treasury endorsed the view of Sir Stewart Symes that an attempt should be made to create the main force of Armed Police from men recruited locally.

MR. WATERFIELD added that the Treasury recognised that the rates of pay for the temporary section of armed Indians might be a little high, but that in the circumstances they would not criticise the conditions attached to this section in great detail. He agreed that the conditions might be similar to those of the Aden troop.

Perim.

MR. HARDING referred to correspondence which had recently passed between the Foreign Office and Air Ministry with regard to the possibility of employing aircraft in the control of the slave traffic in the Red Sea. The Air Ministry were apparently prepared to consider whether aircraft with the necessary personnel could be based at Perim for this work. If such a scheme were adopted, a solution of the question of the arrangements to be made for the performance of civil duties at Perim would be found.

GROUP CAPTAIN FLETCHER said that the matter was still under consideration, and that no concrete proposals had been drawn up.

District Inspector (or Political Officer).

MR. HARDING referred to an Air Ministry letter suggesting that Sir Stewart Symes should be informed that it had been finally decided that there should be two appointments of Political Officer.

MR. HARDING said that he personally agreed with the view that two District Inspectors in addition to a Protectorate Secretary were required, but he thought that Sir Stewart Symes must be given time to consider the matter and, as Captain Ropner had already been engaged and a post was earmarked for Lieutenant-Colonel Lake, it did not seem necessary to take any action at the present stage.

C. 59281/28 [No. 50].

No. 11.

STANDING ADEN COMMITTEE.

MINUTES OF THE ELEVENTH MEETING, HELD ON THE 12TH OCTOBER, 1928.

Present:

Mr. H. R. Cowell, C.M.G. (in the Chair).
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.
Mr. G. G. Evans.
Mr. A. P. Waterfield, C.B.
Mr. J. G. Laithwaite.
Mr. F. J. Howard, O.B.E.
Mr. M. J. Clauson.
Mr. S. Robinson (Secretary).

MR. COWELL referred to the India Office letters P.5384 of the 11th of October* and 5466 of the same date,† in which it was stated that the Indian Governments concerned were prepared to accept Mr Gerrard's proposals for the Aden Police, but that as regards financial responsibility the Government of India and Government of Bombay were not prepared to agree to accept any additional expenditure in respect of the new force whether permanent or temporary beyond the sum of Rs.19,000 a year which represented in their view the additional expenditure on the Aden Police Force which would in any case have been necessary to bring it up to a reasonable level of efficiency. The question before the Committee was what action was to be taken having regard to the attitude of the Indian Governments towards the financial aspect of the question.

MR. EVANS stated that the Air Ministry attached the utmost importance to securing the early withdrawal of the British battalion. The Air Ministry considered that the expense incurred in maintaining the British battalion at Aden was entirely unnecessary, and they were anxious to find some means of enabling the battalion to be withdrawn. They would agree to any provisional arrangement for financing the Armed Indian Section which would enable the Resident to dispense with the battalion; but they were not prepared at this stage to recommend acceptance of the whole of the police proposals if the cost were to fall on Imperial funds.

MR. WATERFIELD agreed that the withdrawal of the battalion was the governing consideration. But before agreeing that the cost of the temporary section of 100 armed police should be borne from British funds he wished to know whether the Colonial Office would be able to meet it from the existing provision under the Vote for Colonial and Middle Eastern Services.

MR. HOWARD replied that a sum of £20,000 had been provided in the Estimate for the Aden Levies and the Intelligence Officers, and a sum of £30,000 for the Aden Staff. He understood from the Air Ministry that it was unlikely that there would be any saving on the provision made for the Levies, and it was unlikely that there would be any appreciable saving on the provision for Staff. So far as he could foresee there would, therefore, be no saving on the Aden Sub-Head, but he anticipated with some confidence that there would be savings on other Heads of the Colonial and Middle Eastern Services Vote, in particular on the provision for the 'Iraq Levies. If the Treasury were prepared to exercise their powers of virement, the cost of the armed police, which would apparently amount to not more than £3,000 during the current financial year, could be met. At the same time it was rather early in the year to obtain any definite indication of the savings which might be effected on the various Heads of the Vote.

MR. WATERFIELD saw no reason why the difficulty should not be overcome by the exercise of virement. If the Colonial Office as the responsible Department were to recommend to the Treasury that in the circumstances the cost of the armed police should be met from British funds the Treasury would be prepared to agree, without prejudice to the general question of incidence of the extra cost of police, on the understanding that the Colonial Office undertook to use every effort in their power to effect savings on other Sub-Heads of the Vote. Possibly the Colonial Office would

* No. 214. † No. 215.

ask the Air Ministry, who had administrative and financial charge of the 'Iraq Levies, to endeavour to effect savings on the provision for those Levies.

MR. HOWARD suggested that the Air Ministry might feel able to give instructions that casual vacancies occurring in the Levies should remain unfilled for a limited period in order to secure the necessary savings.

After discussion the Committee agreed to recommend that the India Office should be asked to inform the Government of India that the general question of the incidence of the cost of the police proposals was being investigated by the Imperial Departments concerned; that the Imperial Departments had represented that they could not be expected to take an immediate decision upon it, but that in view of the fact that immediate action was necessary to enable the withdrawal of the British battalion to be effected with as little delay as possible, His Majesty's Government were prepared to accept the cost of the 100 armed police, which should be recruited for a period not exceeding in the first instance two years; that this decision was subject to the understanding that the rates of pay proposed were in the opinion of the Government of India proper; and that His Majesty's Government asked that the Resident should be authorised to give the assurances required; it was assumed that the Government of India would in these circumstances see no objection and would be prepared to instruct that action should be taken immediately. It was also agreed to recommend that the Government of India should be asked to state whether they were prepared to give the instructions suggested, and whether as anticipated in the Resident's telegram No. 288 of the 3rd October* the men could still be made available by the 15th of December.

It was understood that if action was taken on the foregoing lines, the telegram issued would be repeated to the Resident at Aden.

MR. LAITHWAITE refered to the request in the India Office letter of the 11th of October for an immediate intimation of the views of the British Departments concerned upon the attitude of the Governments of India towards the financial considerations involved in Mr. Gerrard's proposals generally, and asked that the India Office might be informed at the earliest possible date of the views of the Departments concerned. It was decided that this matter should in the first place be dealt with by official correspondence.

It was pointed out that the War Office were pressing for a decision on the withdrawal of the British battalion from Aden which, if instructions were given immediately, could now be effected by 1st February instead of 15th March. It was agreed, however, that the answer to the War Office should be held up until a reply had been received from the Government of India to the communication proposed above.

C. 69297/29 [No. 73].

No. 12.

STANDING ADEN COMMITTEE.

MINUTES OF THE TWELFTH MEETING, HELD AT THE COLONIAL OFFICE ON THE 29TH MAY, 1929.

Present:

Mr. H. R. Cowell, C.M.G. (in the Chair).
Air Commodore F. W. Bowhill, C.M.G., D.S.O.
Mr. C. G. Evans.
Mr. A. P. Waterfield, C.B.
Mr. J. G. Laithwaite.
Mr. F. J. Howard, O.B.E.
Mr. J. B. Sidebotham (Secretary).

MR. COWELL referred to the memorandum† which had been circulated with the Agenda for the Meeting, and emphasised the desirability of an early settlement in regard to the financial arrangements for the Aden Police in view of the fact that it was estimated that, after any scheme of reorganisation had been agreed upon, 9 to 12 months would be required for the training of recruits.

* No. 213. † Not printed.

MR LAITHWAITE said that the memorandum had been very carefully considered at the India Office, and that while they are still not prepared to depart from the view which had already been taken, viz., that India ought not to be expected to bear any additional expenditure beyond that regarded as necessary in any case to bring the force up to a reasonable level of efficiency as civil police, they realised the desirability of reaching some definite conclusion on this matter, and subject to any views which might be held by the Government of India, to whom the proposals would have to be referred, the Secretary of State was not unfavourably disposed towards a compromise on the lines proposed.

MR. LAITHWAITE explained that further investigation went to show that the amount in issue was probably some Rs. 1,63,000 and not Rs. 1,93,000 As, however, the figures in the Colonial Office memorandum were apparently based on a conversion rate of 1s. 4d. and not 1s. 6d. the rupee, this did not very substantially affect the statement made in it that the sterling amount in dispute was £13,000. Following on his explanation that 1s. 6d. had now been substituted for 1s. 4d. as the rupee rate of exchange, he inquired whether His Majesty's Government would be willing to substitute a contribution of Rs.75,000 for the proposed contribution of £5,000 which would, at the existing rate of exchange, benefit the Government of India to the extent of about £600. He was anxious that a further point, viz., that of the manner of accounting for these payments, should be cleared up, and urged that if possible the provision for the Police should be dealt with as a separate and distinct item from the military contribution.

MR. WATERFIELD said that the question really was whether the contribution should be regarded as military expenditure or not. From the India Office standpoint, it would appear that the expenditure is regarded as military, and is, therefore, apportionable at the end of the present year; from the point of view of His Majesty's Government the expenditure is civil and, therefore, non-apportionable. He suggested that a decision on this question might be left over for the present.

MR LAITHWAITE explained, however, that it would be necessary, in placing these proposals before the Government of Bombay, to refer to the amount which that Government would have to pay in future years. He pressed his suggestion that the cost of the Police should be treated as distinct from other military expenditure.

MR. COWELL said that His Majesty's Government had agreed to pay for the temporary Force of 100 Armed Police for a period of not more than two years, and that the new arrangements, if accepted, would probably not come into force in their entirety for another year at least.

MR. WATERFIELD observed that the proposal to exclude the contribution to the Police from the Military Budget was, in effect, a request of His Majesty's Government to relinquish a further sum of £1,600 per annum after the present year. It was subsequently agreed that a compromise should be effected on the basis that His Majesty's Government should contribute £5,000 and not Rs.75,000 towards the cost of the Police, and would agree to exclude the contribution from the Military Budget. In addition, His Majesty's Government were prepared to pay £3,000 per annum for two extra platoons of Levies which would be included in the Military Budget.

MR. EVANS observed that this arrangement was put forward on the understanding that a European Officer of adequate status would be provided to control the Police Force as a whole, and that a section of not less than 30 Armed Police would be allocated to Perim with the necessary reliefs.

MR LAITHWAITE inquired whether His Majesty's Government will continue to be responsible for the cost of the temporary Force of 100 Armed Police recruited from India until their contracts are determined. He pointed out that it would be necessary to give them proper notice of termination.

MR. COWELL said that he felt that it would be essential to consult the Resident at Aden as to the date of disbandment of the temporary Force. This must depend on the steps possible for the recruitments of the new Force. He cited the opinion of Colonel Lake that local recruits for the Levies could be trained in 8 or 9 months, and that similar material would be available for a local Armed Police Force.

MR. WATERFIELD agreed that it would be necessary, in the event of the Indian Government accepting these proposals, that the new Police Force should be recruited as soon as possible. He said that he felt there was bound to be some overlap, and agreed that it would be necessary to consult Sir S Symes as to the rate at which it might be possible to disband the present temporary Force, calling his attention to the need for avoiding an overlap as far as possible, and inquiring whether some system of transfer from the Levies might not be practicable. In principle, he agreed that His Majesty's Government would be prepared to contribute a portion of the £5,000 during the overlap period in respect of the Force to be newly recruited, and

that this would be calculated *pro rata* to the number of recruits obtained and the time occupied in their training. The payments for the existing temporary Force of Armed Police would be on a gradually reduced scale as this Force was disbanded.

It was decided that the Colonial Office should now send to the Treasury a draft letter to the India Office for concurrence with a covering letter referring to the Minutes of the Meeting. It was decided to defer consideration of the question of the reversionary interest of His Majesty's Government in the accommodation, the capital cost of which they had agreed to bear, in the event of this accommodation being ultimately used otherwise than for the Military Police, it being assumed that the Government of India would recognise the interests of His Majesty's Government in this matter in the unlikely event of the use of the accommodation for civil purposes only.

MR. HOWARD then expressed to Mr. Laithwaite his regret that the letter from the India Office of the 20th of March* in regard to the conditions of service of the Resident had been inadvertently overlooked, and brought its contents to the notice of the Committee.

The Committee agreed on the following points:—

(*a*) That neither the Government of India nor His Majesty's Government should pay any pension contribution to the other in respect of officers holding the appointment of Resident, but that each party should be wholly responsible for all expenditure of whatever sort in connection with the pension of an officer found from their Service;

(*b*) That the leave salary of an officer holding the appointment of Resident in respect of leave earned by service as Resident should be shared equally between the two Governments concerned without any question of leave contribution being introduced;

(*c*) That the conditions under which a Resident at Aden would serve would be the conditions of service appertaining to the Service to which be belonged, whether appointed by His Majesty's Government or by the Government of India:

(*d*) That the travelling allowance of the Resident should be borne in equal shares by Indian and Imperial revenues.

The meeting then terminated.

C. 69293/29 [No. 7].

No. 13.

THE STANDING ADEN COMMITTEE.

MINUTES OF THE THIRTEENTH MEETING, HELD ON THE 18TH JUNE, 1929.

Present:

Mr. H. R. Cowell, C.M.G. (in the Chair).
Air Commodore F. W. Bowhill, C.M.G., D.S.O.
Mr. C. G. Evans.
Mr. A. P. Waterfield, C.B.
Mr. J. G. Laithwaite.
Mr. F. J. Howard, O.B.E.
Mr. H. A. F. Rumbold.
Mr. J. B. Sidebotham (Secretary).

MR. COWELL referred to the reasons for retaining the Aden Railway enumerated in the Resident's despatch of the 21st December, 1928,† and asked the Air Ministry's representatives to state their views as to the proposals now made by the Government of India.

AIR COMMODORE BOWHILL said that the Air Ministry did not wish to utilise the Railway further from the military point of view.

MR. EVANS further explained that there was no objection on the part of the Air Ministry to the line being dismantled.

MR. WATERFIELD said that he had understood that, up to the present, the Air Ministry had demurred on this latter point, and that Mr. Evans's statement represented

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* C. 69274/29 [No. 13]: not printed.

† C. 59311/28 [No. 42]: not printed.

a new standpoint on the part of the Air Ministry. He understood that the position now was that the Committee were agreed that, as soon as the water supply question had been satisfactorily settled, the line could be disposed of. There were, however, two further questions which he wished to raise, viz. :—(*a*) whether the Government of India had sole interest in the Railway assets. In this connexion he inquired whether the line was built during or after the war by the military authorities.

MR. LAITHWAITE said that from the information to which he had access, it appeared that the section Maala to Sheik Othman was constructed by the Government of India as being a paying proposition, but that the sections (*a*) Sheik Othman to Lahej, and (*b*) Lahej to El Khudad were constructed for military purposes during the war. Mr. Laithwaite inquired whether if these latter sections were built by the War Office, they were covered by the War Office settlement with the Government of India following the Cabinet's decision of 1926 as to the future administration of Aden.

MR. HOWARD said that he was not aware of the details of the arrangements made between the War Office and the Government of India on that occasion. It was agreed that the India Office should ascertain in the first instance the extent of the Imperial interest in the Railway.

MR. WATERFIELD agreed that, in the event of His Majesty's Government having an interest in the assets, it would be preferable to leave the disposal of the Railway material and rolling stock to be dealt with by the Indian Railway Board.

MR WATERFIELD then referred to his second point, viz. :—(*b*) the question of the apportionment of the cost of operating the line since the 31st March, 1928.

MR. LAITHWAITE observed that the Viceroy's telegram of the 30th May* seemed to admit of the construction that the Government of India would accept the whole liability for operating the Railway until the new water supply scheme was working, but not later than the 31st July, 1929. The India Office would, however, prefer to confirm by correspondence with India that this was the case.

MR. WATERFIELD said that he thought that if there was a small claim against His Majesty's Government in respect of the Air Ministry's traffic over the line as far as Khormaksar prior to 1st April, 1929, it would be equitable for His Majesty's Government to meet it.

The Committee agreed in general to the suspension of traffic and the abandonment of the line as soon as the new water supply scheme was in operation.

MR. COWELL then referred to the correspondence which had been received by the India Office regarding the filling of casual vacancies in the temporary armed police by the Resident, and the proposed recruitment of 15 additional armed police as a reserve for the temporary armed section of the Aden Police Force. He said that so far as he was aware the question whether the authority to recruit one hundred armed police implied one hundred effectives *plus the necessary reserve* had never previously been raised.

MR. EVANS drew attention to the fact that, when the figure of one hundred police had originally been agreed upon, it had not been intended that thirty of these should be detached for police duty at Perim which had had the effect of reducing the mainland force. On the other hand, however, the Resident would now have available the services of an additional platoon of levies.

MR. WATERFIELD drew attention to the view expressed by the Resident in his telegram to Bombay of the 19th March, that it was essential to maintain the Indian armed police establishment at full strength.

MR. COWELL said that he thought it was clear that the authority to maintain a force of one hundred armed police meant one hundred active men, and that it was in order to recruit to fill vacancies which had occurred owing to dismissal or sickness.

MR. WATERFIELD agreed and suggested that it was desirable that men recruited to fill casual vacancies should be recruited on a contract which would run out at the same date as that of the men whom they replaced. As regards the reserve, he said that he thought the proposal to recruit an additional fifteen men to serve as a reserve should not be accepted, as the services of an extra platoon of levies were now available, which was not the case when the Resident's proposal was made.

MR. LAITHWAITE suggested that the India Office should include in their telegram to the Viceroy on the main question of the reorganisation of the Police Force an inquiry whether, in view of the new proposals for reorganisation now put forward, it was still considered necessary to proceed with the recruitment of the fifteen additional men as a reserve. It was agreed that no action on the part of the Colonial Office was necessary at the present juncture.

* Enclosure in C. 69293/29 [No. 4] : not printed.

AIR COMMODORE BOWHILL said that he wished to refer to a matter upon which the Air Ministry laid considerable importance, viz. :—the filling of the post of 2nd Political Officer which was vacant in view of the Resident's decision to retain the services of Captain Ropner as his Aide-de-Camp and Private Secretary. He stated that the Air Ministry felt very strongly that this post should be filled as soon as possible, whether the Resident appreciated the necessity for this or not, as it was one of the conditions on which the Air Ministry had agreed to the withdrawal of the Infantry Battalion.

MR. WATERFIELD expressed surprise at the suggestion that the Resident's views on this matter should not be accepted, having regard to his position as Commander-in-Chief and the close liaison which must exist between himself and the Officer Commanding the Forces at Aden.

MR. COWELL suggested that perhaps it would be best in the first instance for the Resident to be placed in full possession of the Air Ministry's views.

AIR COMMODORE BOWHILL said that the Air Ministry would be writing to the Colonial Office shortly on this matter.

MR. WATERFIELD observed that though provision had been made in current estimates for this post, it would be necessary for the Treasury's sanction to be resought before the appointment was made in view of the interval which had occurred during which the post had been vacant.

The meeting then terminated.

C. 69297/29 [No. 143].

No. 14.

STANDING ADEN COMMITTEE.

MINUTES OF THE FOURTEENTH MEETING HELD ON THE 29TH AUGUST, 1929.

Present:

Mr. H. R. Cowell, C.M.G. (in the Chair).
Air Commodore F. W. Bowhill, C.M.G., D.S.O. (Air Ministry).
Mr. A. P. Waterfield, C.B. } (Treasury).
Mr. F. Skevington }
Mr. J. G. Laithwaite } (India Office).
Mr. H. A. F. Rumbold }
Mr. A. B. Mathews (Secretary).

Mr. COWELL said that the question before the Meeting was the proposal in the India Office letter dated the 15th August, 1929,* on the subject of the proposed reserve of 15 per cent. on the establishment of the temporary armed section of the Aden Police Force. He stated that the existing arrangement was that His Majesty's Government undertook to provide as a temporary measure the cost of the force of 100 Indian Armed Police at Aden pending the re-organization of the Aden Police. A proposal had also been made that a fixed annual sum should be paid to the Government of India who would be responsible in future for the Police at Aden on the understanding that a force of thirty men would be maintained at Perim. As a supplementary proposal the cost of any detachment required for Kamaran would form an additional charge on His Majesty's Government. He pointed out that if that proposal was accepted by the Government of India, it would appear that the question of the reserve ceased to have importance because the men training locally for the permanent force would overlap the establishment of Police temporarily authorised, and would thereby create a reserve

Mr. LAITHWAITE explained the present position as regards the main Police proposals. Every effort was being made to expedite a decision. As regards Kamaran, the Government of India had agreed to accept responsibility for police arrangements, on the understanding that no extra cost direct or indirect would fall on them. An official letter forwarding their views had issued to-day.

* No. 257.

As regards the question of a reserve, Mr. Laithwaite said that although 100 Police had been accepted as the necessary establishment, the Force was automatically reduced to something in the nature of 90 effectives by such considerations as leave and sickness.

Mr. WATERFIELD said that the Treasury view was that the agreed establishment was one of 100 Police, and that this number should include any reserve, since no question of reserve had previously been raised.

The Meeting were inclined to accept the Treasury point of view in the light of the considerations pointed out by the Chairman.

Mr. LAITHWAITE then referred to the statement by the Resident, Aden, that for two years from the time any settlement of the details of re-organization of the local Police Force was reached, Indian Armed Police would be required at Aden. It was not clear whether by " Indian Armed Police " Sir S. Symes meant the whole force of temporary Indian Armed Police, or merely that a gradually diminishing portion of that force would be required until the end of the transitional stage of the new force.

Mr. WATERFIELD asked whether there was any reason why the Government of India should not be pressed to agree to recruiting for the permanent Police establishment to be begun immediately. He added, however, that of course the question of local or Indian recruitment was not yet decided, and awaited the views of the Government of India.

Mr. LAITHWAITE said that he was unwilling to press the Government of India at the present juncture on this point.

Mr. COWELL inquired whether, in view of the fact that it was understood that the training of local recruits would take approximately nine months, the period of two years suggested was not in any case excessive. He asked the Air Ministry Representative for his views, and inquired whether the Air Ministry would be satisfied if the present establishment remained unchanged and no additional reserve were created.

AIR COMMODORE BOWHILL said he was inclined to accept the views of the Resident on a matter of this kind as being the man on the spot, and therefore better able to judge on a question which is mostly civil, than the Air Ministry. On being asked, however, he stated that in the last six months it did not appear from the reports from Air Commodore Mitchell that there was any grave necessity for more Police than already existed, but he would like the Resident to be given an opportunity to produce further arguments as to the necessity for this reserve. The principal argument at present put up by the Resident for the reserve of 15 per cent. was the word " untried " in the telegram from the Viceroy to the Secretary of State for India dated 12th August.* He pointed out that " untried " was of particular importance in the case of Police, who were different from Levies in that they tended to operate in small and isolated bodies, and were therefore in greater need of good morale than Levies, whose duties were more of a military character, and who were under the immediate discipline of officers, who commanded them as bodies.

Mr. WATERFIELD said that the only reason which in his opinion would incline the Treasury to accept the Resident's views as to the necessity for a reserve would be the possibility of the present trouble in Palestine extending to Aden. He understood, however, that this was most unlikely.

After further discussion it was agreed that the India Office should be informed by the Colonial Office that the Committee had considered the correspondence forwarded under the letter of the 15th August, and that the Committee was not prepared to agree, in the light of the evidence at present available, that a reserve of 15 per cent. on the establishment of the armed Police at Aden was necessary.

It was agreed that the Treasury, to whom a copy of the correspondence had been sent, should raise the question of the period of two years for which the Resident said Indian armed Police would be required at Aden from the time any settlement was reached of the details of the re-organization of the local Police Force.

Pay of Superintendent of Police, Aden.

Mr. LAITHWAITE referred to the incidence of cost of the European Superintendent of Police who had been posted to Aden for duty with the interim Force. At present he represented a charge on Imperial revenues. As however investigation showed that he was performing certain services in connection with the ordinary civil police force, the Government of India had now agreed that half only of his cost should be debited to the Home Government.

The Committee took note of this.

* Enclosure 2 in No. 257.

Income Tax of Military Officers at Aden.

Mr. LAITHWAITE raised a question in connection with the liability to double income tax of British officers of the fighting services stationed in Aden and paid from British funds. After discussion it was agreed that the point in issue, which was of a technical character, should be put demi-officially to the Air Ministry, who should take it up demi-officially with the Inland Revenue authorities.

C. 69299/29 [No. 26A].

No. 15.

STANDING ADEN COMMITTEE.

MINUTES OF THE FIFTEENTH MEETING HELD ON 31ST OCTOBER, 1929.

Present:

Mr. H. R. Cowell, C.M.G. (in the Chair).
Mr. A. P Waterfield, C.B.
Air Commodore F. W. Bowhill, C.M.G., D.S.O.
Mr. J. G. Laithwaite.
Mr. H. A. F. Rumbold.
Mr. F. J. Howard, C.B.E.
Mr. H. Palmer.
Mr. A. H. Poynton (Secretary).

Police Reserve of 15 per cent.

MR. COWELL reviewed the history of this proposal that a reserve of 15 per cent. should be provided for the establishment of the temporary armed section (100 men) of the Aden Police Force, and said that the Colonial Office strongly pressed for acceptance of the Resident's views.

MR. LAITHWAITE and AIR COMMODORE BOWHILL concurred.

MR. WATERFIELD said that he was still not satisfied as to the necessity of the proposed addition. He pointed out that the Resident had carried on for over six months without any disturbances and saw no reason why he should not continue to do so until the recruits of the permanent force were sufficiently trained to be reliable. He suggested that a telegram should be sent to Sir S. Symes, asking when the first and second batch of permanent recruits would be ready for efficient service and their respective strength; what the minimum and average number of effectives had been during the past six months; whether it had been necessary to suspend leave to maintain these numbers; and whether the average or minimum number of effectives would be likely to sink lower than it had yet done before the new recruits were reliable. It was agreed that a telegram should be sent in this sense, and that to save delay it should be sent as a private telegram by the Colonial Office.

It was recognised, however, that this proposal was intimately bound up with the more important general question of the establishment of a permanent force, and disappointment was felt by members of the Committee that this question had not been placed on the Agenda. The Chairman expressed his regret and gave reasons why this had not been done. It was decided that urgent action should be taken in the matter and that a further meeting should be held at a very early date to consider the question.

Liability of Resident's Staff to British Income Tax.

MR. HOWARD explained the difficulties which had arisen. Although none of the staff except the Resident and Protectorate Secretary were appointed by the Colonial Office, the Inland Revenue Department had ruled that their salaries were paid in part from British funds and that they were liable to British income tax in respect of this part. Mr. Howard explained that in fact their salaries were not paid at all by His Majesty's Government. A contribution was made to the Government of India and the latter employed and paid these men.

MR. WATERFIELD pointed out that the decision of the Inland Revenue Department was final and that the Treasury had no power to intervene. It was agreed, however, that the matter should be further taken up with the Inland Revenue Department.

In reply to an inquiry by Mr. Laithwaite, AIR COMMODORE BOWHILL explained that the point in connexion with the liability to double income tax of Royal Air Force personnel at Aden, raised at the 14th Meeting* of the Committee, had now been referred semi-officially by the Air Ministry to the Inland Revenue Department.

Appointment of a Clerk for the Interim Police Force.

MR. COWELL agreed that the appointment should be made and that the cost would be one which had to be borne by His Majesty's Government.

MR. WATERFIELD said that he was prepared to accept this charge, but asked what the situation would be should the clerk be retained for the permanent police. He suggested that in that event the Government of India should take over the cost.

MR. LAITHWAITE said that, should the clerk at some later stage cease to be employed exclusively with the interim force, and be employed with the permanent force, it would clearly be reasonable that a reduction proportionate to the extent, from time to time, to which he was so employed should be made in the Imperial contribution to his cost. He suggested that the point should be taken in the official letter from the Colonial Office sanctioning the proposal.

Conservancy Arrangements for Perim.

MR. COWELL said that for his part he agreed that the cost of this service should be regarded as falling on His Majesty's Government.

Mr. WATERFIELD said that he was willing to accept it, but raised the question of its permanency. He assumed that the arrangements were a permanent necessity, and suggested that the general principle should be accepted, that when the permanent arrangements for the Armed Police came into operation, the fixed British contribution of £8,000 should be held to cover all such charges as this and the previous item.

The meeting then adjourned.

C. 69299/29 [No. 35].

No. 16.

STANDING ADEN COMMITTEE.

MINUTES OF THE SIXTEENTH MEETING HELD ON THE 7TH NOVEMBER, 1929

Present:

Mr. H. R. Cowell, C.M.G. (in the Chair).
Mr. A. P. Waterfield, C.B.
Mr. C. G. Evans.
Mr. J. G. Laithwaite.
Mr. H. A. F. Rumbold.
Mr. F. J. Howard, O.B.E.
Mr. H. Palmer.
Mr. A. H. Poynton (Secretary).

Incidence of Cost of Passages of Residents appointed from Indian Service.

MR. COWELL asked Mr. Howard to explain to the Committee the question at issue.

MR. HOWARD said that the proposal before the Committee was (*a*) that His Majesty's Government should bear half of the actual cost of passage of Indian Service Residents, their family, and personal staff, if any, and (*b*) that if so the arrangement should date from the 1st April, 1927. On the first point he said that the Treasury had previously agreed to bear half of any passage *allowance* paid to Indian Service Residents subject to being consulted first as to the amount. Subsequently, however, it had been decided not to pay an allowance, but to pay actual cost. The Colonial Office was

* No. 14.

prepared to accept the suggestion now put forward and had, in fact, already referred it to the Treasury for consideration. As regards the latter point, agreement would mean that His Majesty's Government would be called upon to bear half of the passage expenses of Sir Keith Stewart on relinquishing his appointment. The Colonial Office saw no objection to this.

MR. LAITHWAITE added that acceptance of the proposal would have the effect of putting His Majesty's Government and the Government of India on a basis of exact equality as regards passage expenditure.

MR. WATERFIELD admitted that the proposal seemed prima facie to be reasonable, but was unable to give a decision immediately. He would consider the point further and reply in due course.

MR. PALMER raised the question whether in that case the India Office should not withdraw the charge of a moiety of the "passage contribution" at the rate of Rs.50 per mensem in respect of the post of Resident which the Colonial Office had already paid in respect of the period to 15th July, 1928—Rs.412.2.0 in all. If so His Majesty's Government should be charged instead with a fraction of a moiety of Sir Keith Stewart's return passage, bearing the same proportion to a full moiety as the period from the 1st April, 1927, to the date of relinquishment bore to the whole period of his office. He also wished to be assured that no charges in respect of this passage had been already included in the claim submitted to the Colonial Office by the India Office in respect of the year 1927-1928.

MR. LAITHWAITE promised to consider these points and to supply Mr. Waterfield with the information necessary to enable the Treasury to come to a decision.

Arrangements for Permanent Force.

The Committee then considered, paragraph by paragraph, the letter from the India Office to the Colonial Office dated 18th October,* and agreed that the conditions contained therein should be accepted, with the exception that further consideration should be given to the clauses (*e*) and (*f*) which dealt with accommodation, and (*g*) which dealt with the disbandment of the interim force before a final decision was reached on them. Discussion then took place on the questions of accommodation, enrolment of the permanent force, and the suggested overlap of the temporary and permanent forces on the following lines.

Accommodation.—MR. COWELL said that the position as regards buildings for the Police Forces was extremely obscure. A sum of Rs.37,805 had been included in the Estimates for the current financial year, but in the absence of information it was not proposed at present to make any provision for the financial year 1930. The Government of India now proposed that His Majesty's Government should bear only 29 per cent. of the Rs.37,805, but that they should also bear the same proportion of the cost of any new buildings required for the permanent forces. There was no information available as to what new buildings would in fact be required, and consequently no estimate of cost.

MR. LAITHWAITE said that he thought there was a slight misunderstanding. Under the general police compromise the buildings adapted for the temporary armed police force at a cost of Rs.37,805 became the property of the Government of India, subject to the reversionary interest—in certain circumstances—of His Majesty's Government. In the view of the India Office, the Government of India, in addition to retaining the buildings in question, now contemplated that such fresh expenditure as might be involved on buildings and equipment, &c., should be shared in the proportions of 29 : 71 with the Home Government. It seemed exceedingly probable that some new buildings would be required, particularly if there was to be an overlapping period during which the temporary police forces and the permanent force were both in service. He thought it was reasonable that His Majesty's Government should make a proportionate contribution to the cost of such new buildings, &c., as might be necessary.

MR. WATERFIELD expressed a doubt as to this but said he was not sufficiently clear as to the nature or extent of the proposals to be able to express a final opinion without further information. For example, unless the new buildings were to prove very costly, the Indian Government's proposal might actually be more favourable to the British Government than the British Government's existing offer; on the other hand if the Government of India proposed to spend large sums on new buildings beyond the minimum required for the permanent armed force, he was not clear how the British Government could be held responsible for any share of such further expenditure.

* No. 269.

It was agreed that a telegram should be sent to the Government of India saying that His Majesty's Government were prepared to consider the suggestion, but felt unable to reach a definite decision in the absence of fuller information as to the scope and probable financial effect of the proposals. This information should explain what new buildings would be necessitated, for how many men, armed and unarmed respectively, and should give an estimate of cost. The Government of India should also be asked to say how the period of overlap, if any, would be dealt with, to define the meaning of "equipment," and to say whether the proposal covered the unarmed as well as the armed force.

Enrolment of the Permanent Police Force.—MR. WATERFIELD drew the attention of the Committee to the semi-official telegram from the Resident dated the 5th November,* in which it was said that he was still waiting for the arrival of a British Arabic-speaking officer and Assistant before he could begin recruitment of the permanent force. He suggested that this question ought to be settled without further delay.

MR. COWELL explained that it had not been possible to send out officers to train recruits until it was known whether the Government of India would agree to the general scheme. Efforts had as a matter of fact been made to find a suitable candidate for the post within the Colonial Service and by the Private Secretary (Appointments), but these efforts had been fruitless. It was decided therefore to recommend that the Government of India should be strongly urged to do their utmost to provide the necessary officers from the Indian Service.

MR. WATERFIELD said that he was anxious that everything possible should be done to reduce the period of overlap, and he was not at present satisfied that the training of the two batches of recruits must be spread out over so long a period. He suggested that the Resident should be asked whether it might not be possible to effect some saving in time and cost by carrying out the training of the two batches simultaneously; and said that he would be prepared, if necessary, to agree to bear the cost of providing additional officers, if it were clear that a net economy would result. It was agreed that Government of India should be asked to obtain the views of the Resident on this matter.

Period of Overlapping of Temporary and Permanent Forces.—MR. WATERFIELD said that he was now satisfied that there must be an overlap, but thought that it should be unnecessary for this to last more than twelve months if the Resident was able to press on with the enrolment of the new forces as suggested above.

Reserve Forces for the Temporary Armed Police.

MR. WATERFIELD agreed that in the light of the Resident's arguments contained in the semi-official telegram of 5th November referred to above, it would be necessary to sanction this reserve force, but he thought it should be limited in the first place to twelve months. It was agreed that the Colonial Office should write to the Treasury and obtain the necessary sanction.

* No. 272.

PART II.

MINUTES OF INTERDEPARTMENTAL CONFERENCES ON ADEN.

C. 59259/28 [No. 15].

No. 17.

MINUTES OF A CONFERENCE HELD ON 4TH JANUARY, 1928.

A Conference was held at the Colonial Office on the 4th of January to consider certain questions in connection with Aden.

Present:

Sir S. Wilson, K.C.B., K.C.M.G., K.B.E. (in the Chair).	Colonial Office.
Sir J. E. Shuckburgh, K.C.M.G., C.B.	
Mr. A. J. Harding, C.B.E.	
Mr. Robinson.	
Marshal of the Royal Air Force Sir H. M. Trenchard, Bt., G.C.B., D.S.O.	Air Ministry.
Air Commodore C. L. N. Newall, C.M.G., C.B.E.	
Group-Captain A. B. Burdett, D.S.O.	
Mr. C. T. Evans.	
Vice-Admiral Sir F. L. Field, K.C.B., K.C.M.G.,	Admiralty.
Colonel H. C. Freeland, C.B.E.,	India Office.
Mr. D. G. Osborne,	Foreign Office.
Mr. A. P. Waterfield, C.B.,	Treasury.

SIR HUGH TRENCHARD stated that there were three points for consideration. The first, that of our general policy in Arabia, was, he understood, to be left for discussion after Sir W. Tyrrell's return.

The second point was that of the Sheikh of Koteibi. The Resident at Aden proposed that if the Imam took measures against the newly-elected Sheikh we should take air action against the Imam. Sir H. Trenchard stated that he would prefer to wait until the Zeidis made a definite incursion into a part of the Protectorate which was not in their occupation. It was obvious that the Imam would not permit any Sheikh hostile to him to settle in the Koteibi territory without taking some action, and it would be very difficult to say what reinforcement of the Zeidi post in the Koteibi territory would constitute a *casus belli*. He would therefore suggest that the Resident should be informed that His Majesty's Government were not, as at present advised, prepared to authorise him to inform the Koteibi Sheikh that if the Zeidis invaded his territory in force retaliatory measures would be taken against the Imam, but that the general question of policy was under consideration. Sir H. Trenchard would much prefer that no question of air action against the Imam should if possible be allowed to develop until after 1st April, on which date an Air Force officer would be in command of the garrison.

MR. OSBORNE agreed from the Foreign Office point of view with the proposal made by Sir Hugh Trenchard, and it was decided that a telegram should be sent to the Resident in this sense.

The third question which Sir Hugh Trenchard raised was that of the garrison of Kamaran and Perim. Sir Hugh Trenchard stated that his proposals were based upon the assumption that it would be possible to allow military aeroplanes to land at Kamaran It would be an absurd position if it were regarded as inadmissible to send aeroplanes to a place in which a force of troops had been stationed for some years. He was not prepared to arrange for the withdrawal of the Indian battalion unless he was allowed to send aeroplanes to Kamaran. An aerodrome existed there already and he did not propose to maintain ground staff there or to have aeroplanes permanently in the islands but merely to arrange for aeroplanes to visit the island from time to time as occasion demanded.

MR. OSBORNE said that the situation in regard to Kamaran was so delicate that any change might cause the question of the status of the island to be brought up before the League of Nations, but he would bring the proposal before the Secretary of State for Foreign Affairs and inform Sir Hugh Trenchard of the result as early as possible.

SIR HUGH TRENCHARD then went on to say that he understood that the Aden Police were unarmed, that they were commanded by a native of India and that they

were not very efficient. The Resident at Aden had asked the Indian Government to agree that the Aden Police should be increased to 376, and Sir Hugh Trenchard proposed that the force should be brought up to 396, of whom a proportion should be armed and made efficient in order to provide detachments for service in Kamaran and Perim. He hoped that it would be possible for the two detachments of Indian troops now in the islands to be returned to India by April next. As the duties to be performed in the Islands were police duties he did not wish to use local levies for garrisoning the islands.

ADMIRAL FIELD then explained that the Admiralty had felt it desirable to remind the Air Ministry as the Department responsible for the defence of Aden what great store the Admiralty set upon Kamaran and Perim. The Admiralty relied on these places as ports which they might occupy and use in the event of trouble, and it was important that no other Power should be allowed to occupy them even temporarily or to damage the fuel supplies at Perim.

SIR HUGH TRENCHARD said that he was prepared to accept the responsibility for preserving the Islands and their stores intact. He considered that detachments of police would be able to maintain ordinary internal order and to prevent sabotage. As the Aden Police were under the control of the Indian Government the Indian Government might possibly say that they could not agree that duties hitherto performed by troops should be undertaken by the police unless the present financial terms in regard to their contribution to the defence of Aden were revised. If the Indian Government raised difficulties he was prepared, in order to avoid delay and subject to the consent of the Treasury, to accept the extra expense of the additional 20 police required as a charge against the Air Vote for the first year, but it was important that the arrangements should be completed and the police should take over charge of Kamaran and Perim by the 1st April, 1928.

COLONEL FREELAND said that he did not doubt that the Indian Government would arrange to remove the Indian battalion from Aden as quickly as possible and he would at once arrange to have placed before the Indian Government Sir Hugh Trenchard's proposals in regard to the garrisons of Kamaran and Perim and the consequential increase of the Aden Police.

SIR HUGH TRENCHARD then stated that half the Transport Company in Aden was being disbanded, that the armoured cars would arrive there on the 10th of January, and that the question of the disbandment of the Aden troops would be dealt with shortly.

He added that it would not be possible for an air officer to be placed in charge of the forces in Aden so long as General Stewart remained in office there.

C. 59259/28 [No. 27].

No. 18.

MINUTES OF A CONFERENCE HELD AT THE COLONIAL OFFICE ON THE 30TH OF JANUARY, 1928.

Present:

Brigadier-General Sir S. H. Wilson, K.C.B., K.C.M.G., K.B.E.	Colonial Office
Sir John Shuckburgh, K.C.M.G., C.B.	
Mr. A. J. Harding, C.B.E.	
Mr. S. Robinson.	
Marshal of the Royal Air Force Sir Hugh Trenchard, Bt., G.C.B., D.S.O.	Air Ministry.
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O.	
Air Commodore C. L. N. Newall, C.M.G., C.B.E.	
Mr. C. G. Evans.	
Mr. L. Oliphant, C.M.G., Foreign Office.	
Colonel J. C. Freeland, C.B.E.	India Office.
Mr. J. A. Simpson.	
Mr. J. G. Laithwaite.	
Mr. A. P. Waterfield, C.B., Treasury.	

COLONEL FREELAND stated that no news had been received from India with regard to the withdrawal of the Indian battalion.

SIR HUGH TRENCHARD stated that he might find it necessary to ask the Secretary of State for Air to place this matter before the Cabinet since it would be impossible to carry out the scheme contemplated if the departure of the Indian battalions from Aden was delayed.

MR. WATERFIELD suggested that it should be made clear to India that no votes would be presented to Parliament for the payment of the Indian battalion after the 1st of April next.

SIR HUGH TRENCHARD then referred to the Government of India's telegram No. 184S. of the 26th of January.* He said that it appeared that the Government of India felt some doubt as to whether the garrison when revised would provide adequate defence. As regards the financial bearings of the proposals, he had anticipated that the Government of India would decline to make the fixed contribution of £250,000 if they were required to bear the cost of the additional police for duty in Kamaran and Perim. Subject to Treasury concurrence, he was prepared to agree that the cost of the additional police required for duty in these Islands should be borne from the Air vote.

MR. WATERFIELD stated that in order to facilitate the changes and to avoid delay, he was prepared to agree to the cost of the additional police being borne by British funds.

It was then agreed that the India Office should be asked to inform the Government of India that the cost of the police placed at Kamaran and Perim, in substitution for the present military detachments, should be accepted as a charge on British funds; and that, this being so, the Government of India should be urged to provide and train, at the earliest possible date, sufficient police to maintain detachments of 25 in each of the two islands.

SIR HUGH TRENCHARD also remarked that the Government of India telegram referred to seemed to indicate that the Government of India took the attitude that they had agreed to make a fixed contribution of £250,000 on the understanding that the garrison remained unaltered. This was a matter in which the Air Ministry were not concerned, and he asked that the question of finance should be dealt with separately since otherwise it might delay the carrying out of the proposals for the garrisons of Kamaran and Perim.

MR. WATERFIELD suggested that the India Office should be asked to inform the Government of India that the question of the contribution to be made by India towards the cost of the Aden garrison could not be re-opened.

SIR HUGH TRENCHARD then referred to the Air Ministry letter of the 17th of January† to the Colonial Office and asked that the Resident at Aden should be requested to expedite his reply to the enquiry whether the horse section of the Aden Troop could be disbanded forthwith.

COLONEL FREELAND remarked that he understood that there would be no difficulty in disbanding the troop so far as their terms of service were concerned.

SIR HUGH TRENCHARD then proposed that the detachments of the Indian battalion stationed at Kamaran and Perim should be replaced by detachments of the Aden troop; that half of the Aden troop should be dismounted and employed on these duties; and that the other half should, for the time being, be retained at Aden, though he wanted to get rid of the troop as soon as the situation made it possible to do so. The only difficulty which he foresaw in connection with this proposal was that of obtaining officers to take charge of the detachments He proposed to ask the India Office to arrange for Major Lake to proceed at once to this country as a special service Officer temporarily attached to the Royal Air Force, and the Air Ministry would write to the India Office in this sense. Possibly it might be arranged that two Officers of the Indian battalion now in Aden should remain to take charge of the detachments of the Aden troop at Kamaran and Perim. He suggested that the interested Departments should at once consider what arrangements should be made for the carrying out of the civil duties at Perim hitherto performed by the Military Officer in charge of the detachment in that Island as the Air Ministry would not require a Military Officer there when their arrangements were complete.

SIR HUGH TRENCHARD stated that it was originally proposed that the tribal Levies should consist of a force of 450 men, but the Air Council were now satisfied that a force of 150 men would be sufficient provided that a good intelligence service was formed. It had therefore been proposed that an intelligence organisation should be set up and should consist of one Air Staff Officer and two Political-Military Officers, the latter under the Governor or Resident.

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* *See* C. 59259/28 [No. 17]: not printed.

† C. 59259/28 [No. 3]: not printed.

The Air Council proposed that the Levies should be raised under the British Army Act. They would ask Major-General Stewart to apply the Army Act by the issue of a General Routine Order, making the necessary modifications. It was necessary to ask General Stewart to do this, although it was not proposed to raise the force until after his retirement, as the rank of the Military Officer in Aden after the 31st of March next would not be sufficiently high to qualify him, under the terms of the British Army Act, to issue a General Routine Order of this kind. The Air Ministry would at once consider in what terms the proposed General Routine Order should be drawn and would communicate with the Resident on the subject. The Air Council were prepared to accept the administrative responsibility for the Levies. The question whether they should nominally be raised by the Colonial Office should be left open for further discussion.

Railways.

SIR HUGH TRENCHARD said that for military purposes the railway was not required beyond Sheikh Othman. It was explained that the railway beyond Sheikh Othman had hitherto been run at a loss and that the deficit had been shared between the War Office and the Government of India. It was agreed that for political and military purposes it was not necessary to maintain this section of the railway in operation and that the question of its discontinuance should be taken up forthwith.

Telephones and Roads.

SIR HUGH TRENCHARD stated that he was unwilling that the Royal Air Force should be responsible for the telephone service and for the maintenance of roads. So much of the cost of those services as might be attributable to the Air Force would, of course, be borne from the Air vote.

MR. HARDING remarked that since the services must be required almost entirely for the Settlement itself it would seem to be a matter for the Indian Government.

SIR HUGH TRENCHARD suggested that, since it appeared that the intention had been that the control of Aden should be transferred as far as circumstances permitted to the British Government, it was a question whether these services might not be taken over by the Colonial Office. It was agreed that the question should be taken up with the new Governor of Aden when appointed.

C. 59264/28 [No. 31].

No. 19.

MILITARY ADMINISTRATION AT ADEN.

MINUTES OF A CONFERENCE HELD AT THE COLONIAL OFFICE ON 9TH MAY, 1928.

Present:

Brigadier-General Sir S. H. Wilson, K.C.B., K.C.M.G., K.B.E., } Colonial Office.
Sir John Shuckburgh, K.C.M.G., C.B., } Colonial Office.
Mr. A. J. Harding, C.B.E., } Colonial Office.
Marshal of the Royal Air Force Sir Hugh Trenchard, Bt., G.C.B., D.S.O., } Air Ministry.
Air Vice-Marshal Sir Ivo Vesey, K.B.E., C.B., C.M.G., D.S.O., } Air Ministry.
Mr. C. G. Evans, } Air Ministry.
Colonel J. C. Freeland, C.B.E., India Office.
Mr. A. P. Waterfield, C.B., Treasury.
Lieut.-Colonel G. S. Symes, C.M.G., Resident (Designate) of Aden also attended.

SIR HUGH TRENCHARD said he had asked for the meeting as several questions were outstanding which, if not settled early, would upset the scheme of reductions at Aden and mean additional expenditure.

Detachments for Perim and Kamaran.

He referred first to the detachments of the Aden Troop which had been temporarily sent to Perim and Kamaran as no police were available. It was represented

to him by the new Officer Commanding that the personnel of the Aden Troop considered themselves unfairly treated by this; they had been recruited for service in Aden and not in the Islands and they were separated from their wives and families. If they were not relieved soon this discontent would become serious. C.A.S. agreed with this view and as no suitable police were even now available, the Air Ministry had proposed to the Colonial Office that as a further temporary expedient detachments of Levies (each about 30 strong) should be sent to Perim and Kamaran as soon as they could be got together, in order to relieve the personnel of the Aden Troop.

Until the British Battalion was withdrawn the need for Levies in Aden itself was less urgent and the supply of detachments for Perim and Kamaran would, he hoped, be given priority as the Levies were recruited; but when the British Battalion was withdrawn the full number of Levies at present authorised would be needed in Aden and if police were still unavailable the establishments of Levies would have to be increased by 60 to provide the additional numbers for Perim and Kamaran.

The Colonial Office and Treasury representatives accepted this proposal on the understanding that the Air Council were satisfied that it would not be possible from a military point of view to retain the Aden Troop in the Islands beyond a certain date in the near future.

MR. WATERFIELD asked that if any additional Levies proved to be required they should be on short terms of engagement so as to avoid a surplus when the police were able to take over Perim and Kamaran.

Reorganisation of the Aden Police Force.

SIR HUGH TRENCHARD said the next and more urgent matter was the efficiency of the police in Aden itself. General Stewart had represented to the Bombay Government the need, quite apart from the question of the provision of armed detachments for Perim and Kamaran, for the improvement of the police in the Aden Settlement and for an increase in its strength. The new Officer Commanding had represented to him that an improved police force was an absolute necessity in Aden for internal security, after the British Battalion had been withdrawn. He could not disregard that considered opinion and unless some measures for improvement were put in hand very soon it might be impossible to withdraw the British Battalion next trooping season. Everyone agreed that the present police force was inefficient. No doubt with the large military garrison there had been no sufficient incentive to remedy it. The representations which had recently been made to the Government of India to provide the armed police required for the Islands had had no satisfactory result. The Government of India's proposals were (1) to recruit in India such additional police as might be necessary and (2) to expect the Imperial Government to accept all charges which the new methods of recruitment and improved training would involve.

The Air Ministry could not believe that it was necessary to go to India—1,600 miles away and five days' voyage—to recruit the additional police. It would mean that furlough would have to be given to India and repatriations arranged. The expense would be great and administration inconvenient. The Aden Troop with a personnel of only 150 had cost £20,000 a year whereas the present Aden police force with a total personnel of about 310 costs approximately £11,000 a year. The Government of India had in fact proposed that the terms of pay, &c , for the new police should be the same as those now granted to the Aden Troop.

SIR HUGH TRENCHARD then said he had come to the conclusion that the responsibility for the administration of the Aden Police Force should be transferred from the Government of India to the Home Government. Aden was a place of small population and no great resources and one in which questions of military and police provision could not be separated from each other. It would be more satisfactory in every way that the administration of the police should be included in the sphere of military and political administration in which the Resident was responsible to the Imperial Government and not to the Government of India.

He recognised that the financial incidence of the change would need consideration. It was to the interest both of the Imperial and the Indian Exchequer that we should not have to keep a larger military garrison at Aden than would be necessary if the police force was so trained and organised as to be able to carry out the duties proper to it. After next year the Government of India instead of paying a fixed contribution of £250,000 to the cost of the Garrison would be paying one-third (a maximum of £150,000) of the actual cost. The British Government had a right to expect the co-operation of the Government of India in getting the police on a satsfactory basis. But to secure unified control it would be worth while to take over the responsibility for the police if India would pay to the Imperial Government the present cost.

COLONEL FREELAND (India Office) said that if control of the police at Aden could be considered purely from military interests the Air Ministry's solution might be the best, but he could give no assurance that the Government of India would be ready to part with its control over the police.

SIR SAMUEL WILSON agreed that overlapping in administrative interests between the Home Government and the Government of India should be avoided, otherwise differences of opinion were bound to arise and his experience was that if the Government of India took a particular view in a matter in which they claimed that Indian interests or prestige were involved it was becoming more and more difficult for the British Government to enforce an opposite view upon them. He was of opinion that the new arrangement for the administration of Aden was even worse than the old. The Colonial Office would support the Air Ministry and approach the India Office if the Air Ministry would raise the proposal formally.

SIR JOHN SHUCKBURGH thought that in any case it would take time to get the Government of India to agree to make over its responsibilities for the police at Aden. He suggested that in order to bring about an early improvement in the quality of the police, the Home Government should offer to send out a British official with police experience to advise upon the measures required to improve them.

SIR HUGH TRENCHARD said that for this to be effective it would be necessary for whoever was sent out to have executive and not merely advisory powers. Colonel Symes agreed.

It was agreed that the suggestion to send out a police officer should be made to the Government of India.

MR. WATERFIELD said he did not want to object to the administrative transfer of the police from the Government of India to the Imperial Government, but the Treasury must be satisfied that the financial conditions were not inequitable to the Imperial Exchequer.

Appointment of Political Officers.

C.A.S. said it was important that these appointments should be proceeded with and asked what progress had been made. He hoped that Colonel Lake would be released from his present duties with the Levies by the end of the present year.

MR. HARDING said that any appointments had been deferred until they could be discussed with Colonel Symes.

Duties of Military Officers at Perim and Kamaran.

SIR HUGH TRENCHARD said that he saw no justification for keeping a military officer at Perim and another at Kamaran doing duties which were clearly almost entirely civil in their character. The present officer commanding the Detachment at Perim was also graded as Assistant Resident, but the whole of his pay was a military charge. At Kamaran there was a Civilian Administrator, but the military officer in charge of the Detachment had been graded as Assistant Civil Administrator. In neither case could their permanent retention be justified as regards military duties and he wanted to be free to withdraw them in the near future.

SIR SAMUEL WILSON agreed that some other arrangement should be made.

COLONEL FREELAND said that a telegram had just been received by the India Office asking that the two officers of the 11th Sikh Regiment who had been left behind at Perim and Kamaran respectively to command the Detachments of the Aden Troop should be relieved and proposing to send two other officers in place of them.

C.A.S. said that this meant more expense, but agreed that for the moment the reliefs were unavoidable.

It was agreed that the Air Ministry should write to the Colonial Office pointing out that arrangements should be made without delay which would make it unnecessary to keep any British military officer either at Perim or Kamaran. The Colonial Office would take the matter up with the India Office.

Railways.

C.A.S. said that the retention of the section from Maala to Khormaksar where the aerodrome was, was for the present, at least, of definite military importance. He would also like to see the section Khormaksar to Sheikh Othman maintained but that was not essential. The section from Sheikh Othman to El Khudad was of no direct military importance, but he sympathised with the views expressed by the late Resident

in his despatch of 31st March* which advocated keeping the railway open for its whole length owing to the extra sense of security among the tribes which was thereby engendered. He realised, however, that this was largely a matter of finance. The figures as to capital expenditure, maintenance, &c., which were in the possession of the Air Ministry were not sufficient to form any firm estimate as to the amount involved.

In order to keep the section from Maala to Khormaksar going he was prepared to pay a fair proportion of any loss on its working, provided that the amount did not exceed, say, £3,000 a year.

C. 69297/29 [No. 108].

No. 20.

MINUTES OF AN INTERDEPARTMENTAL CONFERENCE HELD AT THE COLONIAL OFFICE ON THE 25TH OF JULY, 1929, TO DISCUSS THE QUESTION OF THE STATUS OF KAMARAN.

Present:

Mr. H. R. Cowell, C.M.G. (in the Chair).
Mr. F. J. Howard, O.B.E.
Mr. G. W. Rendel (Foreign Office).
Mr. N. M. Butler (Foreign Office).
Mr. A. P. Waterfield, C.B. (Treasury).
Mr. J. G. Laithwaite (India Office).
Lieutenant-Colonel A. G. Bourne, D.S.O., M.V.O. (Admiralty).
Group-Captain C. L. Courtney, C.B.E., D.S.O. (Air Ministry).
Mr. C. G. Evans (Air Ministry).
Mr. A. B. Mathews (Secretary).

Police.

MR. COWELL referred to the despatch from the Ambassador at Rome to the Foreign Office, No. 465 of 12th July, 1929,† and invited the views of the Foreign Office representative thereon.

MR. RENDEL explained that the position was that His Majesty's Government did not regard Kamaran as British territory and had no intention of annexing it, and added that that was made clear in the course of the Rome conversations. We were there primarily because of the quarantine station, and we had a predominating interest in Kamaran since most of the pilgrims passing through were British Indians. We had, however, admitted in the Rome conversations that, while it was a vital British interest that no European Power or unfriendly Arab Ruler should become established in Kamaran, this was equally the interest of Italy. We had, moreover, agreed that it was desirable that the two Governments should maintain close touch with each other in all questions affecting the Red Sea and Southern Arabia. For that reason, we had considered it proper to inform the Italians that we were about to send native Police there; but Aden Levies had had to be substituted for the Police, and they remained there up to the present date. The position now was that the Italians had taken the opportunity of this apparent change in our plans to offer co-operation in policing Kamaran, a co-operation that would in practice amount to a joint occupation of the Island.

MR. COWELL inquired whether objections on the part of the Italians would be met by sending Police from Aden when the Force had been raised, and by an explanation that unforeseen difficulty in the immediate recruitment of police had necessitated the temporary stationing of Levies after the withdrawal of the Indian troops.

MR. RENDEL considered such an explanation might put us in a better position *vis-à-vis* the Italians, but they had become very suspicious of our attitude as a result of our delay in putting into execution the police arrangements originally contemplated.

MR. EVANS said that the present control of Kamaran by Great Britain was less obstrusive than it was when the Indian military detachment was stationed there.

MR. RENDEL agreed, but pointed out that any change from the arrangements that had been accepted by the Italians gave them an opportunity of raising the question of the status of the Island.

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* No. 185.

† No. 338.

MR. LAITHWAITE observed that the policing of Kamaran was an Imperial liability. He wished to make it clear that, should it be decided to replace Levies by Police, the Government of India would not be prepared to carry any additional cost that might be involved in this decision.

MR. WATERFIELD asked why the Italian suggestion could not be accepted, and objected, from the Treasury point of view, to any further charge on Imperial funds.

MR. RENDEL said that he understood that the Admiralty, Air Ministry, and India Office, wanted British control there. If those Departments were prepared to waive their objections to a partly foreign control, the Foreign Office could only accept their views. But if foreign participation in the control of the Island were once agreed to, such an arrangement could never be gone back on. Moreover, if the Italians obtained a real footing in the Island, they would probably press the claims of their friend, the Imam.

LIEUTENANT-COLONEL BOURNE considered that there was no objection from the Admiralty point of view to an Imamic or Arab occupation of Kamaran, so long as no other European powers were involved.

MR. RENDEL pointed out that it was still possible that the Italians might obtain a controlling interest in the Yemen through an arrangement with the Imam, or with his successor, and that an Imamic occupation might thus put them in a position of considerable power in Kamaran. If, however, the India Office, and the Admiralty, were prepared to agree to a joint Anglo-Italian occupation, the Foreign Office could not object, in view of the fact that the primary reasons for our retaining control were the pilgrimage quarantine station and the command of the Red Sea.

MR. LAITHWAITE said that the Government of India were anxious to be relieved of the administration of Kamaran as soon as possible, but that so long as they remained responsible, the administrative reaction of such a proposal as the present must concern them. The legal position in Kamaran was already quite anomalous, and the Administrator might find himself in an impossible position if a detachment of Italian Levies was now to be stationed there. What would be their relation to him, and what sanctions would he apply in the event of offences by them? And if a *modus vivendi* on the point was reached, was it not probable that the next step would be that the Italians would press for alternative appointments of Administrator? He observed that the title of Kamaran rested between the signatories of the Treaty of Lausanne, and suggested that the French, who had hitherto not raised the question, might very probably do so if we shared the control with the Italians.

MR. RENDEL observed that Article 16 of the Treaty of Lausanne governed the question of title, and added that in addition to the signatories, the Italians would probably represent, as they had done in the case of the Red Sea Lights Convention, that the Imam was an interested party.

MR. LAITHWAITE inquired whether the Italian demand now put forward could not be rejected in view of the tenor of the Rome conversations, with an explanation of the reasons why the Force consisted at present of armed Levies, and of the complications that would ensue if joint administration were set up. It might be reiterated to the Italians that there was no intention of making the island British.

MR. RENDEL felt that our position had been weakened by the delay and uncertainty which had been caused by the consideration of the question of the cost of Levies and Police, though he agreed that the present situation might have arisen in any case, as the Italians naturally viewed us with suspicion.

MR. COWELL was opposed to a *condominium* to run what was primarily a quarantine station, and quoted an instance of the difficulty of such a régime in the New Hebrides, which were very possibly less Imperially important than Kamaran.

MR RENDEL was inclined to doubt the value of attempting to give further explanations to the Italians of our delay in establishing the Police Force we had originally proposed, and considered that it would be preferable to go back to the position already accepted by them in May, 1928, which was that native Police should be established as soon as possible.

MR. WATERFIELD was inclined to doubt the consistency of such a course.

MR. EVANS said that the Aden troop had now been disbanded, but suggested that if Police from Aden could be recruited in 12 months' time, they could be called Police then, even if the material was the same as that of the Levies. There would be no difference in cost between the two, though Indian Police would, of course, cost more.

The question of recruiting was then raised, and MR. EVANS said that Sir Stewart Symes wanted another Police Officer before he could proceed with the Arabisation of the Police Force, and with local recruitment.

MR. LAITHWAITE pointed out that under the compromise which had been proposed about the Aden Police, the decision as to *venue* of recruitment would rest with the Government of India. It was perhaps probable that, on account of the saving involved, they would prefer local recruitment, but it was impossible to be quite certain about this.

MR. WATERFIELD agreed to either Levies or locally recruited Police, but said that the Treasury would oppose India-recruited Police on grounds of cost, or any substantial increase in the amount already paid by His Majesty's Government for Levies, if the Levies were not substituted by Police.

MR. LAITHWAITE said that from the point of view of the Government of India, it was essential that whatever Police Force was maintained on the Island should be such as to enable the Civil Administrator effectively to discharge his duties.

MR. RENDEL thought that the Italians would object to Indian Police.

LIEUTENANT-COLONEL BOURNE again emphasised the necessity for secrecy, and pointed out that Kamaran was an undefended area, and that obviously no defence works could be put in hand. If Ascari were stationed in Kamaran, and the Italians were given a definite footing there, no sort of secrecy, which was essential in view of the lack of defence works, would be possible.

GROUP-CAPTAIN COURTNEY thought that the Air Ministry considered Kamaran even more essential for strategic purposes than the Admiralty appeared to.

MR. RENDEL again suggested that we should return to the position indicated to the Italians in April, 1928, and accepted by them in their note of 18th May of that year, and not furnish any further explanations with a view to justifying a change of policy. It was possible, however, that the Italians might now no longer be prepared to adhere to their previous view.

Mr. WATERFIELD suggested that the Government of India should be told that the Foreign Office, for general political reasons, and also in view of the present Italian representations, strongly desired the Police to be recruited locally.

In the light of the discussion above the meeting agreed that the objections to entertainment of the latest Italian proposal for what would amount to a joint occupation of the Island were insuperable and that the Foreign Office reply to the Italian Government should take this line.

The question was then discussed of the explanation to be given to the Italians. MR. RENDEL said that it would, in his view, greatly facilitate matters if the Ambassador in Rome could inform the Italians that the Island was in future to be policed not by regular Forces or by Levies but by civil Police in accordance with the arrangements communicated to the Italian Government on 24th April, 1928, and accepted by them in their note of 18th May, 1928.

In reply to a question by Mr. Laithwaite, MR. RENDEL said that the Italian Government had not, so far as he was aware, been informed that the force on the Island would be armed, but he did not think that objection would be taken on this account, provided that the forces formed part of a Civil Police Force.

MR. WATERFIELD pointed out that this logically involved the transfer of responsibility for policing the Island from His Majesty's Government to the Government of India, since it was obviously impossible to provide a police detachment for Kamaran from any other source than the Aden Police.

MR. LAITHWAITE said that the Government of India and the India Office strongly objected to the administration of Kamaran remaining with India. Apart from this the Police compromise recently put to the Government of India and the Government of Bombay provided that Kamaran should be policed by native Levies which would be wholly the concern of the Imperial Government. Acceptance of the Foreign Office proposal would certainly involve further reference to the Government of India who had not yet replied on the main Police issue. As, however, it was the sense of the meeting that a solution on the lines suggested by Mr. Rendel was politically the only one practicable he undertook to raise the matter with the India Office.

A discussion then took place as to the financial effect of substituting armed civil Police from Aden for native Levies in Kamaran. The meeting took note of the fact that, under the Aden Police compromise, full responsibility for the policing of Kamaran by means of Levies had been accepted by the Imperial Government. In the light of this, the Treasury representative intimated that, in the event of responsibility for the policing of Kamaran being taken over by the Government of India, the Imperial Government would be prepared to increase their contribution to the cost of the Aden Civil Police Force by a sum which should be approximately equal to the cost of the Levies at present contemplated for Kamaran, but which should not exceed the actual cost of the local detachment of civil Police to be stationed on that Island, the size of which should be agreed in consultation between the Imperial Government and the Government of India.

The question of the size of the detachment was then discussed. The Imperial Departments expressed the view that approximately 30 men would be required, and the Foreign Office representatives strongly urged that on political grounds, and in view of the general attitude of the Italian Government, these men should be locally recruited and should not come from India.

It was agreed that the India Office should be asked to put the modification of the Police compromise set out above to the Government of India and ask for a reply with the minimum of delay. The India Office would no doubt explain to the Government of India the situation which necessitated this modification of the original proposals. Pending the Government of India's reply the Foreign Office would take no action as regards sending a reply to the latest Italian communication. Mr. Rendel urged, however, that every effort should be made to expedite a decision as a reply to the Indian representations could not be deferred indefinitely.

MR. WATERFIELD agreed to these proposals on the understanding that the cost under the new arrangements would be approximately equal to that contemplated under the former arrangements. If the Police for Kamaran were to be recruited from India the cost per man would be higher, and this condition would not therefore be fulfilled. He assumed, however, that in view of the Foreign Office objections to anything but local recruitment this contingency would not arise.

PART III.

CORRESPONDENCE.

A. ADEN.

1. DIVISION OF RESPONSIBILITIES.

(i) General Correspondence.

C. 48041/27 [No. 17].

No. 21.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 20.)

SIR,

Downing Street, 17th March, 1927.

I HAVE the honour to confirm my telegram of the 1st March* in regard to the future administration of Aden and to inform you that it has been decided that Aden should in future be administered by a Governor or Resident appointed by His Majesty's Government in Great Britain, with the concurrence of the Government of India. The Governor or Resident will be responsible to the British Government for all political and military matters and to the Government of India only for the internal municipal administration of the settlement of Aden, which will continue to be part of British India. The Military Forces will be commanded and administered by a separate Officer Commanding the Troops.

2. The Governor or Resident will have the titular rank of Commander-in-Chief, as is customary in British Colonies, it being understood that the possession of this title will not confer on him any right to give executive orders to the troops. The Officer Commanding the Troops will be appointed by the War Office in consultation with the Colonial Office, and where necessary, with other Departments concerned. He will communicate direct with the War Office on questions of intelligence, training and preparation for war, as well as on matters affecting the routine administration of the troops.

3. This arrangement is to take effect as from the 1st of April next, as regards finance, and as regards administration, as soon after that date as practicable.

4. The Government of India will contribute, towards the military and political charges, a sum of £250,000 a year for three years and thereafter £150,000 a year or one-third of the total cost (including the cost of any Air Force units at Aden), whichever is the lesser figure.

5. The responsibility for the political and military administration of Aden will be vested in the Secretary of State for the Colonies, and British expenditure in connection with Aden will—at any rate at present—be borne on the Middle Eastern Services Vote. The military expenditure will in the first instance be borne by the War Office, subject to reimbursement from the Middle Eastern Services Vote. The civil and municipal receipts and expenditure of the Settlement of Aden will accrue to, and be defrayed by, the Indian Government.

6. Military assets (land, buildings, and fixtures), will be transferred to the British Government free of charge; the question whether the R.I.M.S. " Cornwallis " and the military stores are to be transferred, and, if so, on what terms, is still under consideration.

7. I shall be glad to receive any recommendations which you may have to make as to the manner in which effect should be given to any of these decisions. I must, however, point out that, owing to their present financial position, His Majesty's Government will be obliged to limit expenditure to the lowest possible figure.

8. The amount inserted by the Treasury in the Middle Eastern Services Vote for the forthcoming financial year under the head of Political Expenditure in Aden is £49,000.

I have, &c.,
L. S. AMERY.

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* C. 48041/27 [No. 9] : not printed.

C. 48041/27 [Nos. 31 and 32].

No. 22.

COLONIAL OFFICE to [1] INDIA OFFICE [2] WAR OFFICE.

[*Answered* [1] *by Nos.* 26 and 37.]

SIR, Downing Street, 6th May, 1927.

I AM directed by Mr. Secretary Amery to request you to inform the [Secretary of State for India] [the Army Council] that he has had under consideration the question of the administrative arrangements which are necessary in consequence of the Cabinet decision as to the future control of Aden.

2. The decision referred to contemplated (1) that a Political Resident or Governor should be appointed as the chief authority in all political and military matters and in matters of internal municipal administration of the Settlement, and (2) that this officer should be appointed by the British Government with the concurrence of the Government of India.

3. As regards the first point, Mr. Amery is informed that at the present time certain of the Departments in the Settlement of Aden, *e.g.*, the Post Office and Railway Departments, are not now under the control of the Resident but are under the control of, and communicate direct with, the departmental heads of the respective Services in India. It would seem, therefore, that some alteration of existing arrangements in these respects will be necessary to give full effect to the decision of the Cabinet and to bring the whole of the services in Aden under the control of the Resident or Governor.

4. On the second point Mr. Amery assumes that, as a matter of procedure, the appointment of a Governor would be made by His Majesty on the recommendation of the Secretary of State for the Colonies. Such recommendation would be made after securing the concurrence of the Government of India, and, in so far as may be necessary in view of the fact that the Settlement of Aden is at present legally part of the Bombay Presidency, with the concurrence of the Government of the Presidency.

5. Mr. Amery understands from informal communications with the India Office that the Earl of Birkenhead is disposed to consider that the Resident or Governor should be selected alternately from the Colonial Service and from the Indian Civil Service. Mr. Amery does not think that this would be a very satisfactory arrangement, and would prefer that the choice should be unfettered with a view to the selection of the most suitable officer available at the time.

6. It appears from [War Office letter No. 16/Abroad/176 (F.1.) of the 6th of April* to the India Office] [your letter No. 16 of the 6th of April* to the India Office] that the Army Council are making arrangements to take over the complete military control of the garrison of Aden on the 1st of October next; and, subject to the consent of the Secretary of State for India, Mr. Amery proposes that the changes in the Administrative control of Aden should take place from the same date. He regrets that he cannot see his way to agree to the proposal made by the Government of India that the present Resident, Major-General Stewart, should be allowed to complete the tenure of his appointment.

I am, &c.,
J. E. SHUCKBURGH.

C. 48041/27 [Nos. 41 and 42].

No. 23.

COLONIAL OFFICE
to
[1] INDIA OFFICE.
[2] WAR OFFICE.

SIR, Downing Street, 25th July, 1927.

I AM directed to refer to the letter from this Department of the 6th of May† in regard to the question of the administrative arrangements which are necessary in consequence of the Cabinet decision as to the future control of Aden.

* *See* C. 48020/27 [No. 23]: not printed. † No. 22.

2. As stated in that letter, the Secretary of State proposed that the changes in the administrative control should take place from the 1st of October next. He understands, however, that the views of the Government of India upon that and upon the other proposals made in the letter under reference have not yet been received. It seems impossible, therefore, that the details of the administrative changes could be completed by the 1st of October. In these circumstances, the Secretary of State considers that it will be necessary to retain General Stewart at Aden, at any rate until 1st April, 1928, and he has authorised the issue of a demi-official communication to General Stewart informing him that he may count upon being kept in Aden until that date.

[*To* [1]: 3. The Secretary of State is nevertheless anxious that the administrative changes should be completed as rapidly as possible and he trusts that the Government of India will be able to give their consent to the proposals placed before them at an early date].

[4] [3]. A similar letter is being addressed to the [War Office] [India Office].

I am, &c.,
J. E. SHUCKBURGH.

C.48041/27 [No. 47].

No. 24.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 25.]

SIR, India Office, Whitehall, London, S.W.1., 3rd November, 1927.

WITH reference to your letter of the 17th March, 1927,* with which was enclosed a copy of a despatch† to the Resident at Aden of the same date regarding the future arrangements for the administration of Aden, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, a copy of a telegram‡ from the Government of India relative to the municipal administration of the Aden Cantonment.

So far as Lord Birkenhead is aware the position of the Cantonment area was not considered when the revised arrangements for the administration of Aden were under discussion, and the phrase "internal municipal administration of the Settlement" was therefore not intended at the time to exclude the municipal administration of the Cantonment area. The Government of India now propose that the Cantonment area should be absorbed into the Aden Settlement, and Lord Birkenhead assumes that the Secretary of State for the Colonies will raise no objection to the proposal provided that it is acceptable to the Army Council and the Lords Commissioners of the Admiralty.

A copy of the letter‡ which is being sent to the War Office, Air Ministry and the Admiralty is enclosed.

I am, &c.,
L. D. WAKELY.

C. 48041/27 [No. 48].

No. 25.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 15th November, 1927.

I AM directed to acknowledge the receipt of your letter, of the 3rd of November§ regarding the proposal of the Government of India that the Aden Cantonment area should be absorbed into that of the Aden Settlement, and in reply to state, for the information of the Earl of Birkenhead, that the Secretary of State agrees to this proposal provided that the Air Council and the Lords Commissioners of the Admiralty have no objection to it.

2. Copies of this letter are being sent to the Air Ministry and Admiralty.

I am, &c.,
J. E. SHUCKBURGH.

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* C. 48041/27 [No. 19]: not printed. † No. 21. ‡ Not printed. § No. 24.

C. 48041/27 [No. 53].

No. 26.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 17th November, 1927.

I AM directed by the Secretary of State for India to inform you that he has now received the observations of the Government of Bombay and the Government of India on the points in connexion with the administrative arrangements, consequent on the Cabinet decision as to the future of Aden, raised in Sir John Shuckburgh's letter of the 6th May.* Copies of the relevant correspondence are enclosed.

2. The first question that arises is that of the status and position of the new Resident or Governor in respect of those matters which, under the Cabinet decision in question, are to remain under Indian control, viz., the civil and municipal administration of the settlement. Lord Birkenhead notes that Mr. Amery was inclined to suggest that this decision should be interpreted as meaning that in respect of all such matters the Resident should in future exercise the powers and occupy the status normally enjoyed by a Colonial Governor.

The Secretary of State does not consider that this is necessarily the case, or that the Cabinet decision in itself necessarily involves any alteration in the position or status of the Resident as regards the internal administration of the Settlement. From the correspondence now forwarded it will be seen that the Government of Bombay and the Government of India would regard the exercise by the Resident in this sphere of powers so extensive as those normally exercised by a Colonial Governor as inconsistent with the retention of a due measure of control of the matters in question by them, and moreover that they consider that Aden with its comparatively small population and limited resources cannot be a self-contained administrative unit on reasonably economical lines. They recommend in consequence that steps should be taken by Indian Legislation to place the Resident, in so far as those matters are concerned, in a position in relation to the Indian authorities analogous to that at present occupied by the Commissioner in Sind in relation to the Governor of Bombay. As the Bombay Government recognise, the analogy is not exact, and the extent of the delegation to be made in the matter to the Resident would require careful examination. But on the main principle concerned, Lord Birkenhead, after very careful consideration of the situation as a whole, is satisfied that the arguments of the Indian Governments concerned must be accepted as conclusive. He would therefore propose that the new Resident, while occupying, should this be thought desirable, in relation to His Majesty's Government the position of an ordinary Colonial Governor, should in respect of those matters which are to remain under Indian control have his position (irrespective of his title) generally assimilated to that of the Commissioner in Sind in relation to the Governor of Bombay.

3. In this connexion there arises the specific point raised in paragraph 3 of the Colonial Office letter under reply, viz., the transfer to the control of the Resident under the new system of those departments which are at present controlled, not by the Resident, or by the Governor of Bombay, but by Central Departments of the Government of India. The case for transferring these departments to the control of the Resident will in any event be very greatly weakened should the decision as regards the powers to be exercised by that officer in the matter of civil and municipal administration follow the line suggested in the preceding paragraph. But, that consideration apart, Lord Birkenhead notes that the present Political Resident, the Government of Bombay, and the Government of India are unanimously of opinion that the balance of argument is against the transfer of the Departments concerned to the control of the Resident (see paragraph 4 of Bombay Government letter of 9th September). From the fact that these Departments have hitherto been administered without friction under the existing system, Lord Birkenhead apprehends that no serious administrative inconvenience will be involved in its retention, and having regard to this, and to the unanimity of expert opinion, he accepts the views of the Government of India.

4. On the point dealt with in paragraph 4 of the Colonial Office letter under reply, Lord Birkenhead agrees with the Secretary of State for the Colonies.

5. The question raised in paragraph 5 of the Colonial Office letter under reply, is still under consideration, and a separate communication regarding it will be addressed to you at an early date.

* No. 22.

6. A separate letter is being addressed to you relative to the division between His Majesty's Government and the Government of India of the expenditure at Aden at present classified as "Political."

I am, &c.,
L. D. WAKELY.

Enclosure in No. 26.

TELEGRAM FROM SECRETARY OF STATE TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT.

DATED 28TH MAY, 1927.

1502. Foreign Department. Please let me have your observations on Colonial Office letter of the 6th May,* copy by mail of 12th May. Administrative arrangements at Aden. Do you agree as to desirability of bringing all services concerned in internal administration under control of Resident or Governor and if so could this be effected by 1st October? Are there any other consequent changes which you would suggest, *e.g.*, should Governor be given wider administrative and financial powers than Resident has hitherto possessed in order to assimilate his position to that of Colonial Governors generally or that of a Chief Commissioner in India? I presume you will be content to continue control of civil administration through Government of Bombay as at present.

From THE DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA IN THE FOREIGN AND POLITICAL DEPARTMENT, to THE SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT.

SIR, Simla, 18th June, 1927.,

WITH reference to the correspondence ending with your telegram dated the 21st May, 1927, I am directed to forward a copy of the correspondence noted below and to request that, if His Excellency the Governor sees no objection, the Government of India may be furnished by telegram with the views of the Government of Bombay on the questions raised therein with as little delay as possible:—

1. Letter from the Colonial Office to the India Office, dated 3rd May, 1927,† and enclosure.
2. Letter from the Colonial Office to the India Office, dated 6th May, 1927.*
3. Telegram from His Majesty's Secretary of State, No. 1502, dated 29th May, 1927.

I have, &c.,
J. G. ACHESON,
Deputy Secretary to the Government of India.

From J. R. MARTIN, ESQUIRE, C.I.E., CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, to THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

SIR. Political Department, Bombay Castle, 9th September, 1927.

I AM directed by the Governor in Council to refer to the letter from the Government of India in the Foreign and Political Department dated the 18th June, 1927, and to paragraph 10 of my letter dated the 11th August, 1927, regarding proposals for administrative arrangements at Aden.

2. In their letter dated the 6th May, 1927, the Colonial Office observe that the recent decision of the Cabinet as to the future control of Aden contemplates the appointment of a Political Resident or Governor as the chief authority in all political and military matters and in matters of internal municipal administration of the Settlement of Aden. The suggestion put forward for consideration is that the position of the Officer who is to take the place of the Resident should be assimilated to that of Colonial Governors generally or that of a Chief Commissioner in India, with at the same time, a presumption that the control of civil administration is to continue through the Government of Bombay as at present.

3. The Government of Bombay have very carefully considered the question. They are of opinion that the two suggestions are wholly inconsistent and that if the

* No. 22. † C. 48220/27 [No. 25]: not printed.

Government of Bombay are to continue to control the civil administration of Aden it is impossible that the Resident should have the powers of a Colonial Governor or of a Chief Commissioner. Aden is one of the scheduled districts mentioned in the first schedule to the Scheduled Districts Act, 1874 (Government of India Act, No. XIV of 1874). It forms part of the Bombay Presidency as defined in Section 3 (7) of the Bombay General Clauses Act, 1904 (Bombay Act No. 1 of 1904). The Government of Bombay consider that the furthest advance in the direction suggested which would be feasible and desirable would be the assimilation, as far as possible, of the position of the Resident in regard to the administration of civil matters to that of the Commissioner in Sind, who exercises many of the powers of a Local Government delegated to him under the provisions of " The Commissioner in Sindh (Delegation of Powers) Act," 1868 (Bombay Act No. V of 1868).

4. As regards Posts and Railways, the Political Resident states that he is not in favour of bringing the Departments under the control of the Resident or Governor. He urges that these are technical departments which, so long as Aden remains a part of British India, must be controlled by their own Central Departments, as is the case in India itself, and that control by the Resident or Governor would merely bring in an additional authority which is unnecessary. The Government of Bombay concur in these views.

5. The Resident further states that he is in favour of the proposal to grant to the Governor administrative and financial powers more nearly approximating those possessed by a Chief Commissioner and advocates the removal from him of multitudinous minor duties for which the Resident himself is at present responsible. He has suggested that Aden should be in the position of a Local Government and have its own budget, with a grant-in-aid if necessary. While the proposal to relieve the Resident of minor duties is one to which no exception can be taken the last suggestion appears to the Governor in Council to be unsound both on political and administrative grounds. Very strong political objection will be taken to any such position as is clear from the attitude of the Bombay Legislative Council during the recent discussions in Council in connection with the Cabinet decision about Aden Administration and the passage of the Aden Bill. Moreover if, as appears probable, Aden is to have in future a Governor generally or often chosen from the Colonial Service, Indian interests are hardly likely to be sufficiently protected or at any rate will not be believed to be so protected if Aden is given the position of a separate Local Government. Administratively, the difficulties will be serious. Aden has only a limited staff and, unless the administration is to be carried on inefficiently or expensively, will require help and advice, both general and expert, from outside. At present this help and advice are supplied by the officers of the Bombay Presidency. Aden with its comparatively small population and limited resources cannot be a self-contained administrative unit on reasonably economical lines.

6. In these circumstances the Government of Bombay, while agreeing with the Resident that greater powers and freedom are necessary for him, consider that his suggestion goes beyond what is necessary or expedient. As has been suggested above, the Government of Bombay consider that the powers of the Commissioner in Sind would be ample to meet the needs and circumstances of the case. Probably not all of these powers could appropriately be delegated to or exercised by the Resident but it is unnecessary to go into details at this stage.

7. In any case if the Government of Bombay are to relax to the extent suggested its control over the civil administration in Aden it is still more necessary that the Government of India should delegate and relax in certain respects their control in favour of the Government of Bombay. At present various petty questions have to be referred to the Government of India and involve much correspondence and great delay. This will be borne out by a reference to the correspondence ending with my letter dated the 23rd November, 1926, in which the difficulties and the anomalous position caused by the existence of the restrictions on the powers of the Government of Bombay in regard to administrative approval to buildings, &c., the cost of which is met from Central revenues, have been brought to the notice of the Government of India. If correspondence and delay are to be avoided, it is essential that the Government of India should delegate as wide powers as possible to the Government of Bombay.

I have, &c.,
J. R. MARTIN,
Chief Secretary to the Government of Bombay, Political Department.

TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA.

Dated Simla, 28th October, 1927.
(Received 28th October, 1927.)

IMPORTANT. Foreign Department. Your telegram of 29th May, 1502. Presumption on which are based comments in Bombay letter of 9th September, copy sent with our Foreign Secretary's letter of 6th October, viz , that it is proposed to continue the control of civil administration in Aden through Bombay as at present, is correct, and, on the point raised in Colonial Office letter of 6th May, and in your telegram under reply, we concur generally in Bombay's views. As general principle we consider it politic to temper division of control so far as possible to Indian opinion, by emphasing where practicable the affiliation of purely civic interests of Aden settlement to India through parent presidency of Bombay. But to give so high a status as that of Colonial Governor or Indian Chief Commissioner to Resident at Aden is, we consider, clearly incompatible with control by a Local Government. Legislation will of course be necessary for investiture of Resident with powers analogous to those of Commissioner in Sind as proposed.

Bombay's recommendation, which we endorse, that control of Railways be left as at present directly with Indian Railway Authorities, is made without prejudice to question of distribution of cost of working of present line : we are proposing separately that Sheikh Othman-Elkhulad Section should be worked at expense of His Majesty's Government since its retention is apparently necessary for political and military purposes only.

Our views on question of field appointment will follow.

C. 69330/29 [No. 3].

No. 27.

THE RESIDENT to THE GOVERNOR, BOMBAY.

(Copy received in Colonial Office, 23rd December, 1929.)

(Secret.)

SIR, The Residency, Aden, 9th December, 1929.

I HAVE the honour to submit observations on local administrative policy in relation to the achievement of Imperial purposes at Aden. I conceive that these purposes are, to maintain here—

(*a*) A port equipped to provide fuelling and other requirements of shipping, the Navy, Air Force, and cable communications.

(*b*) A base for exercise of political influence with the peoples of South West Arabia, and especially the littoral, against naval or military agreements with a foreign Power; and

(*c*) A centre for trade with these peoples and neighbouring countries.

2. The same purposes and, in particular, greater security for the Port and Settlement, led to the institution of Aden Protectorate. I have outlined a future policy for the Protectorate in a separate despatch to the Colonial Office. It is to preserve it against foreign—and in particular Zeidi (Yemen)—encroachments, but to avoid as much as possible obligations likely to increase our expenditure or lead to political entanglements. Thus the achievement of purposes under (*b*) and (*c*) in the Protectorate must depend chiefly on services other than administrative that we may be able to render at Aden. In the past such services—apart from the convenience of our markets, &c.—have comprised grants to protected chiefs of small stipends, political assistance, and military aid, especially in respect of arms and ammunition required to maintain their authority and isolation. This aid may be curtailed if an amicable settlement with the Yemen can be reached, when more stable conditions may be expected to quicken nascent desires on the part of the Protectorate population for certain modern amenities. Of such, the Civil and Mission hospitals at Aden have for years past attracted patients from all parts of the Protectorate and beyond; and the number of applications for hospitalization, and even for peripatetic medical services is on the increase. Demands for educational facilities have been fewer, because the vogue of literacy—so common elsewhere—has not yet penetrated Southern Yemen and, in a lesser degree, because of the very inferior quality of Arabic teaching in Aden schools. But there is little doubt that

if, in the near future, Aden could be equipped with organizations to provide better educational and medical facilities, its local importance socially, politically, and even commercially, would be enhanced. Concrete returns for these services might be slow, but would be cumulative and extensive. India's interest in them would be chiefly commercial (Traffic): His Britannic Majesty's Government's political (Relations). Traffic and Relations are obviously inter-dependent and form a convenient channel of political influence. An ideal organization of these services at Aden would satisfy all local (Settlement) needs and be capable of expansion to meet demands from the Protectorate and Southern Yemen. Financial provision for the former is an Indian and for the latter principally a British liability.

3. Before discussing questions of administration it is advisable to note the social and economic evolution of the Settlement since the British occupation of Aden in 1839. A small, primitive Arab fishing hamlet was then converted to a fortress, and has since become a port of refuge and transit, a commercial and, to the extent of its Salt Workings, an industrial centre. Mainly from the Interior and neighbouring countries has come the human miscellany—Arab, Indian, Somali, &c.—that could subsist in a modern seaport; and the Settlement now has a resident population of nearly 60,000. Of this population, exclusive of Europeans and Indians engaged with transportation services and trade—who, jointly, have created Aden in a commercial sense—approximately 60 per cent. is composed of Arabic-speaking Moslems. Their presence at Aden facilitates the problems of traffic and relations with neighbouring peoples, their kindred in race or religion. They also constitute the element which might be expected to survive any exodus occasioned by a decline in the prosperity of the port. This, although not very apparent, is not inconceivable. It is true that shipping returns are satisfactory and fuelling business prosperous. On the other hand a formerly thriving transit trade is feeling competition by neighbouring ports, notably in respect of cotton goods, coffee, hides, and skins; and the local market with the Hinterland is stationary. Possible remedies for this decline are through development of local markets and a judicious increase in the resident Arab population, by stimulation of local and native industries and the achievement of better communications and political conditions in the Protectorate. Thus the permanent attachment of a native resident population to Aden would appear likely to serve economic as well as Imperial interests. Among its members conceptions of Aden as a political entity and the home of a settled and civilized community are already beginning to emerge. Its composition is too heterogeneous to be Nationalist or, as yet, keenly communal in spirit. Its immediate pre-occupations are with profit, not politics. It is, both culturally and politically, a very backward community. Nevertheless its complexion and aspirations are distinctively Arabic. Indianization it would accept only to the extent that India may be British. It has little sympathy with Indians as such, and entirely ignores their National and political aspirations. It is as definitely pro-British as any oriental population I have met.

4. To advert to Administration, the system at Aden, reflecting changes in local conditions, has developed from martial law to cantonment rule and the inception of an ordinary civil administration. The local Civil Executive Officer is vested with wide powers, and has British assistants who perform judicial, secretarial, and political functions, a temporary British Commandant of Police and a (part-time) C.A.M.O.; subordinate and departmental offices are filled by Indian-born officers. There are two organs of local government, the Port Trust—a statutory body; and the Settlement Committee, a quasi-municipality. A British Technical Officer of the (Bombay) Public Works Department acts as Chairman to both bodies: each has a nominated non-official majority. This system has given satisfactory results and, provided the present quality of British and Indian personnel is maintained, requires no drastic modification. Aden is too small for a complete government of a Colonial type. It has derived notable benefits from its connexion with British India, and has every advantage in retaining this connexion so long as development of its natural entity is not prejudiced thereby. But Aden's present status as part of the Bombay Presidency, while dependent for several essential services on the Government of India, complicates local organization and finance, and prevents the comprehensive treatment of its affairs which geographical isolation and its peculiar circumstances require. And, apart from administrative convenience or financial benefit, preservation of the nexus of Imperial—British and Indian—purposes and reconciliation of interests—sometimes conflicting—as between Indian and Arab elements in the population require elimination of provincial control (and Legislature) and direct subordination to the Government of India. The treatment of Aden as a National—not a provincial—asset and its development as a semi-detached unit can then proceed. An initial measure would be the separation of Aden's

accounts of revenue and expenditure and their presentation in a local budget which would reveal the financial state and thus facilitate allocation of available funds and their economical expenditure. Eventually it should be possible to provide for political expenditure in the Protectorate as well as in the Settlement in a single budget, to be balanced by contributions by the Indian and British treasuries, assessed in relation to Civil and Political expenditure.

5. The foregoing considerations lead, I submit, to the following deductions:—

(*a*) Imperial purposes—a joint concern of the British and Indian Governments—may be promoted by administrative development of Aden as a semi-detached unit under the Government of India.

(*b*) It is essential to this development, and would be politically advantageous, to extend the organization and raise the standards of local administrative services, particularly police, medical, and educational.

(*c*) The increased cost of services, to the extent that they are required to satisfy extra-settlement and political requirements, form a reasonable charge against British funds.

(*d*) The successful achievement of (*a*) and (*b*) is dependent on British control and maintenance of the present number and quality of British officers (including a Judicial officer) in the local administration. To supplement their efforts the best available Indians (on deputation) are required for responsible and technical officers. Minor posts may eventually be filled by local recruits.

6. As regards the financial results of these proposals I can only give a rough approximation, as I have not been able to obtain the requisite data for an exact estimate. I understand the cost of military garrison at Aden, which was formerly about £530,000, will be reduced, under Air Ministry control, to about £300,000. Gross receipts from Aden by Indian revenues are about 8 lakhs of rupees. Future recurrent expenditure on administration I estimate to be about 12 lakhs, leaving a deficit of 4 lakhs, or £30,000, to be provided by India. The cost of the Protectorate, paid from the Colonial Office votes, will remain at its present figure of about £30,000.

7. In discussing policy I have assumed that present relations, political and social, between the (Municipal) unit of Aden and the Protectorate will remain unchanged. That is as far as it is safe to anticipate immediately. But it will be evident that a successful evolution of our Protectorate system resulting in any considerable economic development must strengthen political relationship and might lead to Aden becoming an administrative capital as well as the metropolis of its Hinterland and the Hadhramaut. It would be short-sighted, at the present stage, absolutely to ignore this contingency.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

(ii) Military.

C. 59264/28 [No. 3].

No. 28.

DRAFT ANNOUNCEMENT FOR COMMUNICATION TO THE PRESS.

[Received in Colonial Office 12th January, 1928.]

It has been decided that the responsibility for the defence organisation at Aden shall be transferred from the War Office to the Air Ministry.

In accordance with this decision a Royal Air Force officer will be appointed in April next to assume the command and administration of the troops in the garrison.

C. 59264/28 [No. 17].

No. 29.

COLONIAL OFFICE to AIR MINISTRY.

SIR, Downing Street, 21st January, 1928.

I AM directed to refer to the letter from this Department of the 17th January,* in regard to the proposed issue of an official statement on the subject of the transfer of the responsibility for the defence of Aden.

2. I am to request you to inform the Air Council that, with the concurrence of the Army Council and of the Secretary of State for India, arrangements have now been made for the issue to the press of the draft announcement on the subject communicated to this Department by the Air Ministry demi-officially on the 12th of January.†

3. Copies of this letter have been sent to the War Office, India Office, Admiralty, Treasury and Foreign Office.

I am, &c.,
WALTER D. ELLIS.

C. 59282/28 [No. 9].

No. 30.

COLONIAL OFFICE to AIR MINISTRY.

[*Answered by No.* 32.]

SIR, Downing Street, 12th March, 1928.

I AM directed by Mr. Secretary Amery to request you to inform the Air Council that the Standing Aden Committee has had before it the question of the arrangements to be made for the administration and payment of the Levies which it is proposed to raise in Aden.

2. Mr. Amery understands that the Air Council are anxious that the provision for this force should not appear on Air Votes but that they are prepared to undertake all the detailed work connected with the force. Mr. Amery, for his part, is prepared to assist the Air Council as much as possible, but would point out that it is not the proper function of the Colonial Office to administer and pay a force of this kind.

3. He understands that the Lords Commissioners of the Treasury are prepared to agree that provision for the cost of the force should be provided in the Vote for Colonial and Middle Eastern Services; that the Air Ministry should act as agents for the Colonial Office, administering and paying the force and auditing the accounts; and that the Air Ministry should finally present to the Colonial Office a certificate of expenditure upon which the latter office would repay them without further question. No charge would then fall on Air Votes, and the accounts would be handed over to the Colonial Office to be appended to the Colonial and Middle Eastern Services Vote Account. Further, Mr. Amery understands that if any question were raised upon the accounts of the Levies in the examination of the Colonial and Middle Eastern Services Appropriation Account before the Public Accounts Committee, the Accounting Officer for the Colonial and Middle Eastern Services Vote would be entitled to call upon the Accounting Officer for Air Votes to reply on his behalf.

4. Mr. Amery is prepared to accept this arrangement, and I am to ask whether the Air Council are prepared to agree thereto.

5. I am to add that a copy of this letter is being sent to the Treasury.

I am, &c.,
J. E. SHUCKBURGH.

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* C. 59264/28 [No. 12]: not printed. † No. 28.

C. 59282/28 [No. 13].

No. 31.

AIR MINISTRY to COLONIAL OFFICE.

[*Answered by No.* 34.]

SIR, Air Ministry, London, W.C.2, 13th March, 1928.

I AM commanded by the Air Council to say that they will be glad to be favoured with the views of Mr. Secretary Amery in regard to the channels of communication between Aden and the Home authorities in matters concerned with the administration of the Levy Force.

As that Force will be formally raised and administered by the Colonial Office the ordinary arrangement will presumably be that all correspondence in regard to it should take place between the Resident and the Colonial Office. In view, however, of the intention that full agency powers in regard to the Force should be exercised by the Officer Commanding, British Forces in Aden, it appears to the Air Council that it would probably be more convenient that Group Captain Mitchell should correspond direct with the Air Ministry on all matters relating to the Levies, furnishing a copy of his correspondence to the Resident.

The Air Council would be glad to learn whether this arrangement is agreeable to the Colonial Office.

I am, &c.,
J A. WEBSTER.

C. 59282/28 [No. 15].

No. 32.

AIR MINISTRY to COLONIAL OFFICE.

SIR, Air Ministry, London, W.C.2, 19th March, 1928.

I AM commanded by the Air Council to refer to your letter of the 12th March,* regarding the arrangements for the administration and payment of the Levies, and to say that they are prepared to accept the arrangements as set out in paragraph 3 thereof.

A copy of this letter has been sent to the Treasury.

I am, &c.,
J. A. WEBSTER.

C. 59282/28 [No. 19].

No. 33.

AIR MINISTRY to COLONIAL OFFICE.

[*Answered by No.* 35.]

SIR, Air Ministry, London, W.C.2, 22nd March, 1928.

I AM commanded by the Air Council to acquaint you, for the information of Mr. Secretary Amery, that they have had under consideration the question of the title for the Aden Levy Force. It has been represented to them by Major Lake that the name "Aden Levies" suggests that the personnel will be recruited from the Settlement itself, and that it would be preferable that some alternative title should be chosen. It is understood that there would be political objections to the name "Yemen Levies" which was suggested by Major Lake as a possibility, and the Air Council therefore propose that the Force should be called "Aden Protectorate Levies," and, as a shorter and informal title, the "Protectorate Levies."

It is understood that this proposal is agreeable to your Department.

I am, &c.,
J. A. WEBSTER.

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* No. 30.

C. 59282/28 [No. 16].

No. 34.

COLONIAL OFFICE to AIR MINISTRY.

SIR, Downing Street, 24th March, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of Mr. Webster's letter of the 13th of March* regarding the Levy force in the Aden Protectorate and to request you to inform the Air Council that he agrees that the Officer Commanding British Forces in Aden, should correspond direct with the Air Ministry on all matters relating to the Levies, furnishing a copy of his correspondence to the Resident.

I am, &c.,
J. E. SHUCKBURGH.

C. 59282/28 [No. 20].

No. 35.

COLONIAL OFFICE to AIR MINISTRY.

SIR, Downing Street, 16th April, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of Mr. Webster's letter of the 22nd of March† and to request you to inform the Air Council that he agrees to the proposal that the Aden Levy Force should be designated the "Aden Protectorate Levies" and, as a shorter and informal title, the "Protectorate Levies."

I am, &c.,
J. E. SHUCKBURGH.

C. 59259/28 [No. 133].

No. 36.

AIR MINISTRY to COLONIAL OFFICE.

SIR, Air Ministry, Kingsway, W.C.2, 21st December, 1928.

I AM commanded by the Air Council to transmit for your information a copy of letter which has been addressed to the India Office on the subject of the disposal of any lands and buildings at Aden which will become surplus to military requirements owing to impending reduction and change in disposition of the garrison.

I am, &c.,
W. F. NICHOLSON.

Enclosure in No. 36.

SIR, 20th December, 1928.

WITH reference to your letter of the 25th April last, I am commanded by the Air Council to inform you that they note that in consideration of retaining the reversionary rights in the land recently transferred to the Imperial Government, the Government of India are prepared to accept a general obligation to provide any land at Aden required for defence purposes by the War Department or the Air Ministry. The two Defence Departments will admit on their side a corresponding general obligation to surrender to the municipal authorities without payment and without conditions as regards disposal by those authorities any land which may become definitely surplus to Military and Air Force requirements.

This principle should, it is considered, govern also the disposal of existing buildings which were transferred from the Government of India, and which may become surplus. Where, however, (i) new buildings are erected at Imperial cost, or (ii) substantial additions or reconstructions tantamount to the erection of new buildings have been similarly carried out, and those premises are subsequently declared surplus, the conditions under which they shall be surrendered will be a matter for further consideration.

* No. 31. † No. 33.

The Air Council would observe that the general obligation of Colonial Governments is normally held to include an obligation to provide buildings also, as distinct from lands. In the circumstances of the present case, however, they and the Army Council do not invite the Government of India to accept this larger liability but are prepared to defray the cost of any buildings necessary for Military or Air Force purposes out of Imperial funds, the amount so expended being included in the cost of the garrison for the purpose of reckoning the Indian contribution.

Copies of this letter are being sent to the Treasury, War Office and Colonial Office.

The Under-Secretary of State,
India Office,
London, S.W.1.

I am, &c.,
B. E. HOLLOWAY.

(iii) Administrative.

C. 59264/28 [No. 24]

No. 37.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 38.]

SIR, India Office, Whitehall, London, S.W.1.
23rd January, 1928.

WITH further reference to Sir John Shuckburgh's letter of the 6th May,* I am directed by the Secretary of State for India to inform you that he has now received and considered the observations of the Government of Bombay and the Government of India on the question of the method of selection of the Resident or Governor at Aden, consequent on the Cabinet decision as to the future of Aden.

2. The importance of India's commercial stake in Aden, the large number of British-Indian subjects under the administrative control of the Resident, and the keen interest taken by Indian public and political opinion in the maintenance of the Indian connection, make the question of the selection of the Resident one of much importance from the point of view of India. Lord Birkenhead agrees with Mr. Amery that there is some advantage in avoiding a rigid system of alternation between the Colonial and the Indian Service. He considers, however, that it is desirable that some more definite understanding should be reached on the subject than that suggested in paragraph 5 of the Colonial Office letter of 6th May last, and he directs me to say that in his view the most satisfactory solution will be the establishment of an arrangement under which Indian and Colonial Service Officers (the latter after previous consultation with the Government of India) shall normally, but not inevitably, be appointed alternately to the post of Resident or Governor. Lord Birkenhead trusts that the Secretary of State for the Colonies will be prepared to agree to this, and he directs me to add that should it be accepted he would raise no objection to a proposal that the first appointment to be made under the new system should be made from the Colonial Service.

3. The Government of India in the representations on the point which, after consultation with the Government of Bombay, they have made to the Secretary of State, have strongly urged that the civil staff of the Settlement should continue to be found from India. The internal administration of Aden will continue to be the concern of the Government of India and to be conducted on Indian lines; and the legal arrangements in the Settlement will continue to be under Indian law and in accordance with Indian legal practice. The case, therefore, for maintaining the present arrangements as regards staff in this respect is, in Lord Birkenhead's view, a strong one. He recognises, on the other hand, that in the case of the post of First Assistant to the Resident, the duties of which are mainly political, and which will in some measure be a training ground for the post of Resident, an arrangement allowing it to be filled either from the Colonial or from the Indian service will be desirable. His Lordship agrees with the Government of Bombay and the Government of India that it is essential that a due proportion of Indian Service officers should be appointed, and supports their suggestion that when the Resident is from the Colonial Service, the First Assistant

* No. 22.

should as a rule be from the Indian Service, and vice versa. Lord Birkenhead trusts that it will be agreed that this will be from every point of view the best arrangement. An arrangement on these lines has for many years operated satisfactorily as between the Indian and British military services in respect of the major posts in the Army in India.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [Nos. 7 and 8].

No. 38.

COLONIAL OFFICE to [INDIA OFFICE] [TREASURY].

[*Answered by Nos.* 39 and 41.]

SIR, Downing Street, 3rd February, 1928.

I AM directed to address you on the subject of the arrangements to be made in consequence of the decision to transfer to His Majesty's Government the control of political and military matters in Aden.

2. In [your letter No. P. 251] [India Office letter No. P. 251] of the 23rd of January* it was proposed that the Governor or Resident should as a general rule be selected alternately from the Colonial Service and from the Indian Service; and that the First Assistant Resident should be an officer from the Indian Service when the Governor was an officer from the Colonial Service and *vice versa*.

3. It appears that at the present time the First and Second Assistant Residents in Aden are employed in part on work of a political nature, and in part on work connected with the Aden Settlement This arrangement seems to the Secretary of State to be inconvenient, and he sees no reason why it should continue. As His Majesty's Government will be in full control of political matters, the Secretary of State considers that one officer should be appointed to deal with the work connected with the Protectorate, and that the Assistant Residents should devote themselves entirely to the work connected with the Settlement. The Secretary of State would propose that this officer, who might be called the Protectorate Secretary, should be an officer of lower status and in receipt of lower emoluments than the First Assistant Resident. The First Assistant Resident, whose duties would then ordinarily consist of Settlement work alone, would be an officer from the Indian Service, and he would act for the Governor in his absence.

4. The Secretary of State can see no valid objection to this arrangement, which would clearly separate the work of the Settlement from that of the Protectorate, and would enable the Government of India to appoint the staff to deal with civil and municipal, as distinct from political, matters, without consultation with His Majesty's Government, and His Majesty's Government to appoint an officer to deal with Protectorate matters without consultation with the Government of India. It would also enable each Government to settle alone any questions of detail which may arise in respect of their own particular officers. The Secretary of State understands that the Government of India may raise objection to this proposal on the ground that, if the First Assistant Resident does not normally perform duties of a political character, he would not gain the experience which might otherwise qualify him to hold the post of Governor. The Secretary of State is of opinion that this objection cannot be maintained since if, as is proposed, the First Assistant Resident acts for the Resident or Governor in his absence, he will thereby obtain a knowledge of Protectorate affairs and as, in that capacity, he will have the advice of the Protectorate Secretary, he will gain a knowledge of Protectorate affairs under the best possible conditions.

5. I am to request you to place these proposals before the [Earl of Birkenhead] [Lords Commissioners of His Majesty's Treasury] and to ask for an early expression of [his] [Their] views upon them.

6. The Secretary of State notes that the Earl of Birkenhead is prepared to agree that the new Governor shall on the first occasion be an officer with experience in the Colonial Service and, when the necessary arrangements have been made, he proposes to proceed without delay to the selection of an officer for the appointment in question. The Secretary of State will, of course, invite the Earl of Birkenhead to obtain the assent of the Government of India to the appointment of the officer selected

* No. 37.

and to take the necessary measures to give effect to it. I am, however, to add that the Secretary of State is not at present able to give any undertaking to agree to the proposal that the Governor of Aden should be selected alternately from the Colonial and Indian Services, and to suggest that this matter might be allowed to remain in abeyance for the present.

7. A similar letter has been addressed to the [Treasury] [India Office], and a copy of this letter is being sent to the Air Ministry.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 16].

No. 39.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 68.]

SIR, India Office, Whitehall, London, S.W.1, 10th February, 1928.

I AM directed by the Secretary of State for India to inform you that he is in consultation with the Viceroy on the proposals contained in Sir John Shuckburgh's letter of the 3rd February* for the arrangements to be made consequent on the Cabinet decision as to the future of Aden, and that a further communication on the subject will be addressed to you at an early date. I am however to take this opportunity to point out, with reference to paragraph 6 of that letter, that my letter of the 23rd January† made it clear that Lord Birkenhead's concurrence in the proposal that the first Governor under the new system should come from the Colonial Service was conditional on agreement being reached on an arrangement under which officers from the Indian and Colonial Services should normally alternate in the post. Otherwise Lord Birkenhead would find it necessary to re-open this matter.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [No. 66].

No. 40.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 43.]

(E. 19172.)

SIR, Treasury Chambers, 7th March, 1928.

IN reply to Sir J. Shuckburgh's letter of the 3rd ultimo* relating to the transfer to His Majesty's Government of the control of political and military matters in Aden, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform Mr. Secretary Amery that They concur generally in the organisation contemplated therein, on the understanding that he is satisfied that the British share of the cost of the Government's offer on this basis will not exceed that which it would have been if the political Administrative duties had been distributed in various proportions amongst all the Assistant Residents

My Lords will be glad to receive a statement showing the proposed apportionment of the total cost of the Residency staff to British and Indian service.

I am, &c.,
R. R. SCOTT.

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* No. 38. † No. 37.

C. 59270/28 [No. 68].

No. 41.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 42.]

SIR, India Office, Whitehall, London, S.W.1, 7th April, 1928.

I AM directed by the Secretary of State for India to inform you that he has been in consultation with the Government of India in regard to the proposals set out in paragraphs 3 to 5 of Sir John Shuckburgh's letter dated the 3rd February.* In the light of their representations and after informal discussion with the Secretary of State for the Colonies, Lord Birkenhead now directs me to inform you that he is prepared to accept the proposals in question, on the understanding that the First Assistant Resident, who will continue to be drawn invariably from the Indian Service, while discharging civil duties and having no political responsibility, will be entitled to see all political files after action has been taken on them, and will as a rule, and so far as may be conveniently practicable, also receive information copies of political papers in advance of the files. Lord Birkenhead is also prepared to agree that the Protectorate Secretary, whose title should, he suggests, as agreed by the Aden Committee, be "Second Assistant Resident and Protectorate Secretary," shall invariably be drawn from the Colonial Service.

2. On a minor point which has, Lord Birkenhead understands, been the subject of discussion in the Aden Committee, His Lordship would propose that, in the event of the acceptance by the Secretary of State for the Colonies of the proposals set out in the preceding paragraph, the duties of the First Assistant shall, when he is acting for the Resident, be discharged by the Third Assistant and not by the Protectorate Secretary. In the improbable event of both the Resident and the First Assistant being absent or incapacitated, the Second Assistant and Protectorate Secretary would, however, act as Resident.

3. I am to inquire whether Mr. Secretary Amery concurs in the arrangements now proposed.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [No. 71].

No. 42.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 28th April, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 7th of April† in regard to the proposed allocation of political and civil duties in Aden, and to request you to inform the Earl of Birkenhead that he agrees that the title of the officer to whom political duties will be allotted should be "Second Assistant Resident and Protectorate Secretary."

2. Mr. Amery also agrees that, when the First Assistant Resident is acting for the Resident, the duties of First Assistant Resident shall be discharged by the Third Assistant Resident and not by the Protectorate Secretary; but that, in the event of both the Resident and the First Assistant Resident being absent or incapacitated, the Second Assistant Resident and Protectorate Secretary should act as Resident.

I am, &c.,
J. E. SHUCKBURGH.

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* No. 38. † No. 41.

C. 59270/28 [No. 72].

No. 43.

COLONIAL OFFICE to TREASURY.

SIR, Downing Street, 28th April, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 7th of March* in regard to the proposed allocation of political and civil duties in Aden, and to request you to inform the Lords Commissioners of His Majesty's Treasury that, under the existing arrangements, the Indian Government have proposed that two-thirds of the cost of the First Assistant Resident and one-quarter of the cost of the Second Assistant Resident should be charged against British funds in view of the amount of political work which falls to those officers.

2. This sum for the year 1927-28 is stated to have amounted to Rs. 19,750 in salary alone. It is not contemplated that the Protectorate Secretary should be paid a salary approximating to this amount and Mr. Amery is, therefore, able to assure Their Lordships that the British share of the cost of the staff of Aden on the lines suggested in paragraph 3 of Colonial Office letter of 3rd February† will not exceed that which it would have been if the political duties had been distributed in various proportions amongst all the Assistant Residents.

3. A separate letter will be addressed to you in regard to the proposed apportionment of the total cost of the Residency Staff to political and civil services.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 85].

No. 44.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 29th May, 1928.

I AM directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copy of a telegram dated the 14th May, in which the Government of India make certain recommendations for the alteration of the Indian Warrant of Precedence consequent on the Cabinet decision relative to the future of Aden. The recommendations in question are, in Lord Birkenhead's view, suitable, and, subject to the concurrence of the Secretary of State for the Colonies, and of the Air Council, who are being consulted with reference to the precedence recommended for the Air Officer Commanding, he proposes to signify his approval of them.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 44.

TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, to SECRETARY OF STATE FOR INDIA.

(Dated 14th May, 1928.)

(Received 11 p.m., 14th May, 1928.)

984-S. Your telegram dated 29th February, 584. Aden. We propose the following positions in Warrant of Precedence. Resident, Article 15 within his charge, 27 without. Air Officer Commanding, Article 37. First Assistant Resident, Article 51. Protectorate Secretary, Article 59. Judicial Assistant, Article 52 within, Article 59 without.

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* No. 40. † No. 38.

C. 59270/28 [No. 115].

No 45.

THE SECRETARY OF STATE to THE RESIDENT.

[*Answered by No.* 46.]

(No. 67.)

SIR, Downing Street, 31st August, 1928.

I HAVE the honour to address you with regard to the changes in the Administrative arrangements consequent upon the transfer to His Majesty's Government of the control of political and military matters at Aden. The decisions set out in the following paragraphs have been reached after consultation with the Lords Commissioners of His Majesty's Treasury, the Secretary of State for India, and the Government of India.

2. So far as concerns the Administrative staff, it has been decided that an officer shall be appointed to deal solely with work connected with the Protectorate. This new officer, who will be styled Second Assistant Resident and Protectorate Secretary, will replace the Second Assistant Resident in the old establishment. The First Assistant Resident and the other Assistant Residents will devote themselves entirely to work connected with the civil affairs of the Settlement. This arrangement will enable the Government of India to appoint the staff to deal with civil and municipal, as distinct from political, matters, without consultation with His Majesty's Government, and His Majesty's Government to appoint an officer to deal with Protectorate matters without consultation with the Government of India. This change has been agreed to by the Secretary of State for India, and the Government of India, on the understanding that the First Assistant Resident, although discharging civil duties only and having no political responsibility, will, in order that he may, when he has to act as Resident, be adequately acquainted with the Protectorate and other political affairs with which he may have to deal as Acting Resident, be entitled to see all political files after action has been taken on them, and will, as a rule, and so far as may be conveniently practicable, also receive for information copies of political papers in advance of the files. It has also been agreed that the duties of the First Assistant Resident shall, while he is acting as Resident, be discharged by the Third Assistant Resident and not by the Second Assistant Resident and Protectorate Secretary. The Second Assistant Resident and Protectorate Secretary would, however, act as Resident in the absence of both the Resident and the First Assistant Resident. The full title of the Resident under the new regime will be Resident and Commander-in-Chief. As regards the emoluments to be attached to the post of Protectorate Secretary and the selection of an officer for that post, I would invite reference to my despatch No. 49 of the 19th of July.*

3. A further question which has arisen is that of the status and position of the Resident under the new regime in respect of those matters which remain under Indian control, viz., the civil and municipal administration of the settlement. On this question I have agreed with the Secretary of State for India and the Government of India that the Resident, while occupying, in relation to His Majesty's Government, the position of an ordinary Colonial Governor, should, in respect of those matters which remain under Indian control, have his position (irrespective of title) generally assimilated to that of the Commissioner in Sind in relation to the Government of Bombay. You will, doubtless, learn from the Government of Bombay in due course the decision of the Secretary of State for India and the Government of India in regard to the steps to be taken to regularise the position of the Resident of Aden in this respect. I have also agreed that certain departments, *e.g.*, Railways and Posts Departments, which were under the direct control of Central Departments of the Government of India before the transfer to His Majesty's Government of the control of political and military matters in connection with Aden, should, under the new system, continue to be so controlled.

4. I take this opportunity to enclose, for your information, the accompanying copies of correspondence† regarding the amendments of the Indian Warrants of precedence consequent on the introduction of the new administrative arrangements at Aden.

5. I will address you in a separate despatch as to the arrangements in regard to the pension of the Resident at Aden and the emoluments assigned to that office.

I have, &c.,
L. S. AMERY.

* No. 108.

† C. 59270/28 [Nos. 90, 96 and No. 44]: not printed.

C. 59270/28 [No. 123].

No. 46.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 22nd October, 1929.)

[*Answered by No.* 47.]

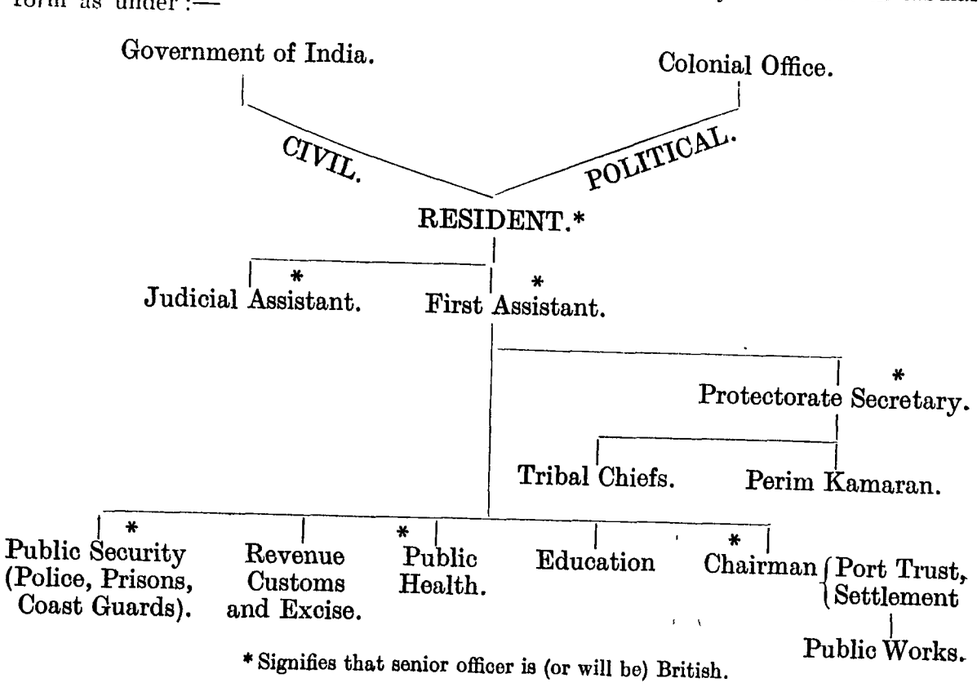
(No. 182.)

SIR, Residency Office, Aden, 9th October, 1928.

I HAVE the honour to acknowledge receipt of your despatch No. 67 of the 31st of August,* concerning the administrative arrangements consequent upon the transfer to His Majesty's Government of the control of political and military matters at Aden.

2. The local circumstances are peculiar, if not unique, and the division of control and financial responsibility between His Majesty's and the Imperial (Indian) Governments have been designed in relation to these circumstances. This division is necessary for political reasons and for the purpose of assessing financial liabilities, but it would be in my opinion unwise and uneconomical to insist on its meticulous application in the local administration. The organisation was started on Indian lines, but, while still conforming superficially with Indian system, it has been modified by force of circumstances to correspond with a Colonial model better adapted to local conditions. Thus the Resident already exercises most of the powers of a Colonial Governor: the First Assistant corresponds to a Colonial Secretary: the Judicial Assistant is almost, although not quite, independent of the Executive. The Residency Office is a Secretariat, individual members of which ("Assistant Residents") perform magisterial functions and supervise more or less directly the work of departmental officers other than those (*e.g*, Postmaster and Officer-in-Charge of Railway) dependent on departments of the Imperial Government. This system works fairly well and may be developed still further along Colonial (as contrasted with Indian Continental) lines: the process will be facilitated when the projected reorganisation of the local police force is carried out.

3. The organisation, therefore, which, having regard to available British personnel and local requirements, is, I consider, the best may be set out in tabular form as under:—



* Signifies that senior officer is (or will be) British.

4. This organisation, while conforming generally with the instructions in paragraph 2 of your despatch, ensures that the First Assistant, who is the official deputy of the Resident, although separated is not divorced from concern with political and

* No. 45.

Protectorate affairs. I feel strongly that this is desirable in view of the inter-relation of civil and political and of Settlement and Protectorate business, and irrespectively of the fact that Lieut.-Colonel Reilly, who has been appointed to succeed Major Fowle, has had 12 years' previous experience of Aden and its Hinterland, whereas Mr. Champion and I are newcomers. I trust, therefore, that you will see no objection to this arrangement.

5. As regards precedence of individual officers, a question may be raised by the Judicial Assistant who (deputizing for the Resident) performs the duties of a District and Sessions Judge, as to whether he should not be formally appointed as such and given corresponding status. In that case he could claim to be placed in Article 45 in the Warrant of Precedence, and would thus rank Senior to the First Assistant. There are, of course, good Colonial precedents for the Senior Judicial Officers ranking above the Senior Executive Officer, but the question is one that concerns the Indian Government and need not be discussed here.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 59270/28 [No. 128].

No. 47.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 82.)

SIR, Downing Street, 14th December, 1928.

I HAVE the honour to acknowledge the receipt of your despatch No. 182 of the 9th of October,* regarding the administrative arrangements consequent upon the transfer to His Majesty's Government of the control of political and military matters at Aden.

2. In view of the special circumstances at present obtaining and of the inexperience of the present holder of the post of Second Assistant Resident and Protectorate Secretary, I agree to the adoption for the time being of the proposed arrangement whereby that officer will pass papers on Protectorate Affairs through the First Assistant Resident, on the understanding that it is recognised in principle that the Second Assistant Resident is responsible to the Resident direct and not to the First Assistant Resident.

I have, &c.,
L. S. AMERY.

(iv) Financial.

C. 59274/28 [No. 13].

No. 48.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 49.]

SIR, Downing Street, 27th June, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 5th of May, 1927,† and to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a letter‡ from the India Office forwarding copies of correspondence with the Government of India on the subject of the allocation as between British and Indian funds of the expenditure in connection with Aden for the year 1927-28 which is classified as Political in the Aden Estimates, and the allocation of such expenditure in future years.

2. I am to say that Mr. Amery is in general agreement with the proposals now put forward by the Government of India in this connection, the effect of which in so far as 1927-28 expenditure is concerned, is shown in the accompanying Statement

* No. 46. † C. 48020/27 [No. 32] : not printed. ‡ C. 59274/28 [No. 11] : not printed.

marked " X."* As Their Lordships are aware, it was recently decided that, in future, the duties discharged by the First Assistant Resident should be wholly Civil, that the Second Assistant Resident should be employed on Political duties only, the title of his post being changed to that of Second Assistant Resident and Protectorate Secretary, and that the pay of the First Assistant Resident should be borne wholly by the Indian Government and that of the Second Assistant Resident wholly by the British Government. The Indian Government's proposals, in so far as they relate to future years, will require amendment in consequence of this decision. The amount, viz., Rs.86,000, included under Head 44—Territorial and Political Pensions of the Estimate for 1927-28, also requires amendment. The amount should read Rs. 79,500 and of that amount the sum of Rs. 26,400 is debitable to Civil Expenditure as representing the payment made to the Abdali Sultan under an Agreement entered into with him for the purchase of Shaikh Othman, which is now part of India. The net amount chargeable to British funds under this item is therefore Rs. 79,500 minus Rs. 26,400, or Rs. 53,100. Apart from these two amendments, Mr. Amery is of the opinion that an enquiry should be addressed to the Government of India as to the extent of the political duties or services involved in the case of the undermentioned items, and that the proposed allocation of expenditure in these cases should be revised, if necessary, on the receipt of the Indian Government's reply. The items in question are as follows :—

8—Assistant Resident, Perim;
12—Pay of Arabic and Confidential Branches;
13A—Leave Salary;
15—Travelling Allowance to Political Officers;
16—Travelling Allowance to Residency and Treasury Establishment;
17—Passage Concession to Residency and Treasury Establishments;
18—House rent to Superintendent and Confidential Clerk; and
21—Contract Contingencies.

3. The Indian Government's proposals and the above amendments thereto have been discussed semi-officially with representatives of the India Office and the Treasury, and statements A, B and C are enclosed showing the items which are chargeable (A) wholly to the Government of India, (B) wholly to His Majesty's Government, and (C) partly to Indian Government and partly to His Majesty's Government in accordance with the Indian Government's proposals amended as indicated in the foregoing paragraph. Their Lordships will observe from Statement C that, subject to any revision that may be necessary on the receipt of further information in regard to the items specified above, of the total expenditure of Rs. 2,59,449 the sum of Rs. 1,87,513, or approximately 72 per cent. of the total, falls to be borne by the Indian Government; and the remainder, viz., Rs. 71,936, or approximately 28 per cent. of the total, falls to be borne by His Majesty's Government. For each variation of 1 per cent. approximately £200 is involved, and Mr. Amery is of opinion that the total expenditure in Statement C should be shared between the Indian Government and His Majesty's Government in the proportion of 7 to 3 in place of the proportion of 2 to 1 recommended in the India Office letter, such allocation being subject to revision, if necessary, on the receipt of the further information in regard to the items specified in the foregoing paragraph.

4. I am to enquire whether Their Lordships agree to the above basis for the allocation of the expenditure shown in Statement C. If so, Mr. Amery proposes to approach the Secretary of State for India with a view to obtaining the Indian Government's agreement to the adoption of that basis, and to the charging to the Indian Government and to His Majesty's Government respectively of the expenditure which is wholly Civil or wholly Political in character as indicated in the accompanying Statements A and B on the understanding that this arrangement will apply for a period of three years as from the 1st April, 1928, and will be subject to reconsideration at the end of that period. Mr. Amery also proposes to agree with the recommendation referred to in paragraph 4 of the India Office letter, viz., that the Government of India should be the single authority with whom the determination of expenditure falling under Category C should rest during the period covered by the arrangement subject to the following reservations :—

(1) That no alteration should be made in the emoluments of the Resident and his Private Secretary and Aide-de-Camp without the prior consent of the Secretary of State for the Colonies.

* Printed at pages 44-45 in Middle East No. 15.

(2) That the Government of India should not be authorised to sanction an increase of expenditure in excess of 20 per cent. of the total expenditure in statement C without prior reference to the Secretary of State for the Colonies.

5. Their Lordships will observe from paragraph 9 of the India Office letter that there is some doubt as to whether provision for non-effective charges is made in the Estimate for 1927-28 on which the enclosed statements are based. Subject to such charges having been excluded, Mr. Amery would propose that this liability should be discharged by payment of an annual lump sum contribution rather than by the payment of a yearly pension contribution in each case, or by a share of the pensions ultimately issued in respect of service at Aden. Such contribution would represent the political share of non-effective charges, calculated in accordance with the basis of allocation adopted in the case of divisible expenditure, and the amount thereof would be fixed for the period covered by the above arrangement.

6. As regards the question of determining the total expenditure chargeable to His Majesty's Government for the year 1927-28, on account of which the payment of a provisional advance of £30,000 has been made from the provision under Sub-head L of the Middle Eastern Services Vote, 1927, Mr. Amery proposes to suggest to the Secretary of State for India that the actual expenditure (Civil and Political) for that year should be allocated in accordance with the suggestions of the Government of India as shown on Statement X, except that the sum of Rs. 86,000 for Political Pensions and Stipends, the correct amount chargeable to His Majesty's Government of Rs. 53,100 should be substituted. Such allocation would be subject to the inclusion in the amount payable by His Majesty's Government of a contribution for non-effective charges if, as the result of the enquiries which the Secretary of State for India proposes to make, it is found that no provision for such charges is included in the estimate.

7. Mr. Amery would be glad to learn at an early date whether Their Lordships concur in his proposals in paragraphs 4, 5, and 6, for the allocation of expenditure at Aden as between British and Indian funds for the year 1927-28, and for the allocation of such expenditure for the three years beginning 1st April, 1928.

I am, &c.,
A. J. HARDING.

Enclosure in No. 48.

STATEMENT A.

Wholly Civil.

Item		Rs.	Rs.
2.	First Assistant Resident...	24,000	58,800
4.	Third ,, ,, ...	10,800	
5.	Judicial Assistant	24,000	
6.	Registrar of the Court	5,400	
9.	Chairman, Port Trust and Aden Settlement	3,900	
10.	Deputy Educational Inspector	5,566	
	Head Master	4,800	
	Lady Doctor	4,320	
13A.	Administration of Justice Establishment	14,163	
	Educational Department	22,170	
	Trade Registration Establishment	10,593	
	Civil Hospital ,, ...	10,692	
	Military Telephone ,, ...	7,420	
19.	Local allowance	660	
23.	Hospital charges	21,740	
24.	Grant-in-aid to School	25,278	
		195,502	
	Less contribution from Aden Settlement and Port Trust	10,000	
		185,502	
	Add Head 44—Political pension (Abdali Sultan) ...	26,400	
		211,902	

STATEMENT B.

Wholly Political.

Item.		Rs.	Rs.
3.	Second Assistant Resident	13,333	
20.	Entertainment Charges	75,000	
22.	Secret Service	2,500	
		90,833	
	Add Head 47—Durbar presents	70,036	
	44—Political pensions and stipends ...	53,100	79,500 less 26,400 = 53,100
		213,969	
	,, Non-effective charges	Amount not yet ascertainable.	

STATEMENT C.

Divisible Expenditure.

Item.		Rs.	*Civil.* Rs.	*Political.* Rs.	
1.	Pay of Resident	36,000	18,000	18,000	½ Civil and ½ Political.
	Reservist	25,682	20,932	4,750	Divided in proportion to totals of Assistant Residents.
7	A.D.C. to Resident ...	8,700	4,350	4,350	½ Civil and ½ Political.
8.	Assistant Resident, Perim	3,600	1,800	1,800	*
10.	Civil Surgeon and fees ...	24,000	19,200	4,800	4/5ths Civil, 1/5th Political.
	Leave Salary	1,555	1,268	287	Divided in proportion to totals of Assistant Residents.
11.	Pay of Superintendent, Office Establishment ...	7,200	5,400	1,800	¾ Civil, ¼ Political.
12.	Pay of Clerks, Residency Office: Arabic and Confidential Branches ...	36,472	25,906	10,566	Represents pay of Arabic and Confidential Branches.*
13A.	Treasury Office	13,260	12,882	378	1/35th Political.
	Leave Salary	18,496	16,184	2,312	Roughly 8/9ths Civil, 1/9th Political.*
14.	Fixed conveyance allowance to Officers	3,000	2,450	550	Divided in proportion to totals of Assistant Residents.
15.	Travelling allowance to Political Officers and Sumptuary allowance to Resident	11,000	7,080	3,920	Sumptuary allowance of Rs. 6,000 divided ½ Civil and ½ Political. Remainder in proportion to totals of Assistant Residents.*

* India to be asked as to extent of Political Duties or services.

Item.		Rs.	*Civil.* Rs.	*Political.* Rs.	
16.	Travelling allowance to Residency and Treasury Establishments	8,840	5,894	2,946	*Depends on final allocation of 12.
17.	Passage concession to Residency and Treasury Establishments	9,000	6,000	3,000	Ditto.
18	House rent to Superintendent and Confidential Clerk	3,600	2,970	630	*
21.	Contract Contingencies ...	49,044	37,197	11,847	*
		259,449	187,513	71,936	

Civil = approx. 72 per cent.
Political = ,, 28 ,,

Total amount of Divisible Expenditure approx. £19,500
For every 1 per cent. approx. £200 is involved.

* India to be asked as to extent of Political Duties or services.

C. 59274/28 [No. 22].

No. 49.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 54.]

(S. 21238/02.)

Treasury Chambers, 26th July, 1928.

SIR,

THE Lords Commissioners of His Majesty's Treasury have had before Them Mr. Harding's letter of the 27th June, 1928,* and the accompanying copy of correspondence relative to the allocation as between British and Indian funds of the expenditure in connexion with Aden for the year 1927/28 and the allocation of such expenditure in future years, and I am to request you to convey to Mr. Secretary Amery the following reply.

2. As regards 1927/28 My Lords agree that the actual expenditure (Civil and Political) for that year should be allocated in accordance with the suggestions of the Government of India as shown on Statement X except that for the sum of Rs. 86,000 for Political Pensions and Stipends, the correct amount chargeable to His Majesty's Government of Rs. 53,100 should be substituted. They understand that it is proposed to make sure that a payment on this basis will not contain anything for pensions other than for political pensions to native sheikhs and others, and, provided it does not, to pay a pension contribution on the same basis as that sanctioned below for subsequent years

3. Their Lordships approve the proposal that the basis fixed for 1928/29 should apply until the 31st March, 1931, when the matter can be reviewed in the light of experience It has already been agreed that expenditure described as political, as distinct from the civil expenditure in connexion with the Settlement of Aden, should be borne on the Vote for Colonial and Middle Eastern Services, and My Lords sanction the proposed allocation of the expenditure at Aden between these two heads on the basis of the statements A, B, and C accompanying the letter under reply subject to any minor modifications which Mr. Amery may wish to make in the allocations in Statement C after he is in receipt of the further information which he is seeking on Items 8, 12, 13A, 15, 16, 17, 18, and 21.

4 With regard to the proposal that the expenditure in Statement C should be divided between the Indian Government and His Majesty's Government in the ratio

* No. 48.

of 7 to 3 instead of in the exact proportions shown in the statement, viz., 72 to 28, I am to point out that both the above modifications and the proposed pension contribution may make a proportion of 8 to 3 or of 3 to 1 closer approximations for working purposes and the proposal might, therefore, be deferred for the present.

5. In view of the close control which My Lords are assured is exercised by the Government of India, They will raise no objection to an arrangement whereby that Government should be authorized to sanction any variations in expenditure under the heads in Statement C which do not involve an excess of more than 15 per cent. in the total of that statement without prior reference to the Secretary of State for the Colonies.

6 From an examination of the expenditure, however, it appears that the exercise of this authority to the full extent would be improbable and it will be sufficient to provide a margin of 10 per cent. only in arriving at the total sum to be provided in the Estimate for Colonial and Middle Eastern Services, 1929.

7. They note that no alteration will be made in the emoluments of the Resident and his Private Secretary and Aide-de-Camp without the prior consent of the Secretary of State for the Colonies.

8 Turning now to non-effective charges My Lords agree that an annual contribution should be made at a fixed percentage rate on the amount included in the political expenditure for the salaries and wages of pensionable staff including those to whom gratuities will be payable. They understand that the question of the amount of the percentage to be charged as pension contribution for loaned Indian personnel is under consideration generally, and They will be glad to learn in due course the rate proposed.

I am, &c.,
R. V. NIND HOPKINS.

C. 59274/28 [No. 23].

No. 50.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 52.]

SIR,

Downing Street, 9th August, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 28th of June,* and to transmit to you, to be laid before the Secretary of State for India, the accompanying copy of a letter† from the Treasury on the subject of the allocation as between British and Indian funds of the expenditure in connexion with Aden for the year 1927-28 which is classified as " political " in the Aden Estimates, and the allocation of such expenditure in future years.

2. It will be seen that the Lords Commissioners of the Treasury have agreed to the proposals for the allocation of such expenditure put forward in Colonial Office letter to the Treasury dated the 27th June,‡ a copy of which was forwarded to the India Office under cover of Colonial Office letter under reference, subject to the modifications indicated in the fourth, fifth, and sixth and last paragraphs of the Treasury letter. Mr. Amery has no objection to offer to these modifications, and I am to inquire whether the Secretary of State for India and the Government of India agree to the proposals, as modified. As regards the allocation of non-effective charges, I am to point out that whatever arrangement is eventually adopted will not apply in the case of the Resident, in view of the special arrangements which have been agreed for the pension of the Resident, whereby provision for the pension of an Indian Service Resident will be made wholly by the Indian Government, and for a non-Indian Service Resident wholly by His Majesty's Government. In this connexion, I am to suggest that if the proposal in the last paragraph of the Treasury letter is accepted—and provided that no provision is already included for non-effective charges in the various items in Statement C, which accompanied Colonial Office letter to the Treasury of the 27th of June—the amounts of the pension contribution chargeable to " Civil " and " Political " should be inserted in the Statement after each of the items concerned. I am to ask that this Department may be informed in due course of the percentage rate proposed for pension contribution for loaned Indian personnel.

* C. 59274/28 [No. 15]: not printed. † No. 49. ‡ No. 48.

3. Mr. Amery agrees with the suggestion in the fourth paragraph of Treasury letter that determination of the proportion to be adopted as a basis for the allocation of divisible expenditure should be deferred pending a settlement of the queries raised in regard to Items 8, 12, 13A, 15, 16, 17, 18, and 21, and of the arrangements for non-effective charges. He would be glad to be furnished in due course with the views of the Government of India and the Secretary of State for India on the suggestion in the sixth paragraph of Treasury letter, viz., that in arriving at the total sum to be provided for Aden in the Estimate for Colonial and Middle Eastern Services, 1929, it would be sufficient to provide a margin of 10 per cent. only to meet variations in expenditure under the Heads in Statement C.

4. I am to add that, as the expenditure in connexion with Aden from the provision in the Middle Eastern Services Vote for 1927-28 must be included in the Appropriation Account of that Vote, it is now a matter of some urgency that actual, as distinct from estimated figures of such expenditure should be made available, and that the allocation of the expenditure for that year as between British and Indian Funds should be determined as soon as possible. I am accordingly to ask that these figures may be supplied at a very early date, and that the views of the Secretary of State for India and the Government of India in regard to the proposed allocation of expenditure for 1928 may be communicated to this Department at the same time.

I am, &c.,
A. J. HARDING.

C. 59274/28 [No. 38].

No. 51.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 23rd November, 1928.

WITH reference to correspondence with your Department regarding the allocation of expenditure in connexion with Aden between Indian and British Funds, I am directed to state that the service there of officers of the Indian Services involves expenditure, in addition to duty emoluments, in respect of leave and leave passage rights. In demi-official correspondence resting with the letter from the Colonial Office dated 16th November,* reference has been made to the method in which these liabilities should be apportioned, and I am to suggest that the procedure agreed to by your Department with the concurrence of the Treasury for the settlement of non-effective charges, *i.e.*, by the inclusion of a contribution under the usual conditions, should be applied to leave and leave passage charges.

2. The direct apportionment of actual leave pay would be a matter of considerable difficulty, in view of the varying proportions in which the Indian and Imperial liability generally is determined, while the principle proposed is already in use in connexion with the allocation of expenditure on the Diplomatic and Consular Establishment in Persia and elsewhere between India and the Foreign Office. In that case a contribution to cover both leave and pension is added to the expenditure before subdivision.

3. As regards leave passages, a fixed contribution of Rs. 50 per month has recently been introduced by the Government of India to cover the liability of "foreign" employers of Indian Service officers, as you will be aware from correspondence regarding the passage rights of personnel loaned to the Government of 'Iraq and the advantages of its inclusion in the Aden accounts are obvious.

4. I am to inquire whether your Department concur in the adoption of the suggested method of settlement of the charges under discussion, subject to the agreement of the Government of India, with whom the Secretary of State is in correspondence in the matter.

5. A copy of this letter is being sent to the Treasury.

I am, &c.,
L. D. WAKELY.

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* C. 59274/28 [No. 33] : not printed.

C. 59274/28[No. 34].

No. 52.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 53.]

SIR, India Office, Whitehall, London, S.W.1, 28th November, 1928.

IN continuation of my letter dated 10th November, I am directed by the Secretary of State in Council to refer to the letter, with enclosures, from the Government of Bombay dated 10th November, relative to the division between Indian and Imperial revenues of expenditure at Aden and to the actual charge debitable to His Majesty's Government in respect of 1927-28, of which copies have already been supplied demi-officially to your Department. The enclosures to that letter are, it will be observed, addressed to the Government of India, whose views must be awaited before any decision can be reached on the points discussed in them. Viscount Peel understands however that your Department regard it as essential that they should, by to-day, receive information as to actual expenditure in 1927-28 at Aden for the purpose of closing the accounts in respect of that year, and he would suggest that the accounts should be provisionally adjusted on the basis of the information contained in the Bombay Government's letter now enclosed, on the definite understanding that any further adjustment necessitated in the light of investigation of their figures, or of the Government of India's views, shall be made later.

2. On the basis of the information contained in the letter referred to, the Secretary of State in Council agrees that the claim for £10,697 18s. 2d., pensions and darbar presents, 1927/28, made in the letter from this Office of 16th November, may be provisionally reduced by £1,980, the equivalent of Rs. 26,400 paid to the Abdali Sultan, in anticipation of this charge being regarded as wholly "Civil." The amount of the reduced claim will be £8,717 18s. 2d.

3. His Lordship now directs me to prefer an additional claim in respect of expenditure at Aden for 1927/28 for £22,942 11s. 0d., as shown in the statement herewith, subject to any necessary adjustment hereafter on the receipt of further information from the Government of India.

4. The amount in question includes, it will be seen, an item of Rs. 1,43,314 in respect of the hiring of boats; further particulars in regard to which are awaited from the Government of India.

5. The item of Rs. 1,50,000 paid to the Sultan of Lahej and referred to in paragraph 5 of the letter from the Government of Bombay to the Government of India of 10th November, No. 5865D, has formed the subject of unofficial discussion with representatives of your Department. Viscount Peel understands that the Colonial Office are not prepared to accept it, pending further investigation, and that they state that no previous intimation of it has been made to them, and that in consequence no provision for it has in any event been made in their estimates for 1927-28. In these circumstances His Lordship does not press for its inclusion in the claim now to be met, but on the definite understanding that his action in refraining from doing so is without prejudice to the ultimate disposal of the charge.

I am, &c.,
J. CLOUGH,
Deputy Accountant-General.

Enclosure 1 in No. 52.

(Confidential.) Political Department,
Bombay Castle, 10th November, 1928.

SIR,

Division of Aden Expenditure between British and Indian Revenues.

AS desired in the telegram from the Secretary of State for India No. 3192, dated the 8th instant, I am directed by the Governor in Council to forward herewith a copy of my letter to the Government of India in the Foreign and Political Department of to-day's date on the subject of the division of Aden expenditure between British and Indian Revenues.

I have, &c.,
J. R. MARTIN,
Chief Secretary to the Government of Bombay,
Political Department.

The Secretary,
Political Department,
India Office, London.

(Confidential.) Political Department,

SIR, Bombay Castle, 10th November, 1928.

I AM directed by the Governor in Council to refer to the letter from the Government of India in the Foreign and Political Department, dated the 28th July, 1928, and to communicate the remarks of the Government of Bombay on the issues raised in the enclosures to the two letters from the Secretary, Political Department, India Office, dated the 5th July, and the 16th August, 1928, regarding the division of Aden expenditure between the British and Indian Revenues.

2. The three main points which require comment are:—

(*a*) the incidence of the payment of Rs. 26,400 to the Abdali Sultan;

(*b*) the extent of political services involved in items 8, 12, 13A, 15, 16, 17, 18, and 21 appearing in Statement " C " accompanying the Colonial Office letter to the Treasury, dated the 27th June, 1928; and

(*c*) the contribution payable by the Colonial Office on account of the non-effective charge of the loaned Indian personnel.

3. With regard to (*a*), I am to observe that the sum of Rs. 26,400 per year is paid to His Highness the Sultan of Lahej as compensation for water and salt rights under the agreement of 1882. Although this amount has hitherto been provided for in the budget head, " 44—Territorial and Political Pensions," the expenditure is incurred for the benefit of the civil administration. The suggestion put forward in paragraph 2 of the Colonial Office letter of the 27th June that this item should be entirely charged to the Civil budget is in the opinion of the Resident and Commander-in-Chief, Aden, in which the Governor in Council concurs, fair and may be accepted.

4. As for the items in which the political share is desired to be reassessed, I am to enclose for the information of the Government of India a copy of a letter from the Resident and Commander-in-Chief, Aden, dated the 8th September, 1928, together with a copy of the Statement " X " accompanying it. The Government of India have already been informed of the proportion in which the pay of the Assistant Resident, Perim, should be shared, viz., $\frac{1}{4}$ Political and $\frac{3}{4}$ Civil (*vide* telegram from the Government of Bombay, dated the 2nd August, 1928). The division in respect of the other items should be on the lines indicated in the Resident's statement referred to above. The correct figure against Item 18 in that statement is Rs. 900, of which Rs. 495 is debitable to the Home Government.

5. Before dealing with the question of non-effective charges which have now been included in Statement " C " prepared by the Accountant-General, Bombay, along with Statements " A " and " B," all of which record the actuals of 1927-28, I am to offer remarks on some of the figures in these statements, copies of which accompany for communication to the Colonial Office. These Statements are prepared on the same lines as Statements " A," " B " and " C " appended to the Colonial Office letter of the 27th June, 1928. The figures in the Accountant-General's Statement " A " which record the actuals of the expenditure wholly debitable to Indian Revenues call for no remarks except that the Accountant-General has included in it the expenditure incurred on the following items which did not appear in the statement showing estimates:—

(*a*) Rs. 1,413 grant-in-aid to medical institutions.
(*b*) ,, 1,888 leave salary of the Civil Surgeon.
(*c*) ,, 5,778 travelling, house-rent and other allowances.
(*d*) ,, 2,234 cost of passages under the Superior Civil Service Rules.
(*e*) ,, 887 contribution for passages.

Similarly, the figures recorded in the Accountant-General's Statement "B" being wholly debitable to the Home Government, they need no comment except that the expenditure of Rs. 1,52,407 on account of Secret Service (Special charges) includes Rs. 1,50,000 paid to the Sultan of Lahej under instructions from the Accountant-General, India Office, a copy of whose letter dated the 14th February, 1928, was received by the Accountant-General, Bombay, with the Auditor-General's letter dated the 19th March, 1928 (copies enclosed).

6. The actuals of the divisible expenditure in 1927-28 are recorded in Statement "C." The Accountant-General has not divided the expenditure of Rs. 20,664 shown against Item 1—Reservist. This should be shared in the proportion to totals of Assistant Residents as suggested by the Colonial Office. The provision of Rs. 3,000 for " fixed conveyance allowance to officers " (*vide* Item 14 in the Colonial Office Statement " C ") has been omitted as there is no officer doing both civil and political work who is in receipt of such allowance. The sum of Rs. 1,84,296 entered against Item 21 in the Accountant-General's Statement " C " includes:—

(*a*) Rs. 14,620—political share of the expenditure on account of the hire of Messrs Cowasji Dinshaw Brothers' ship, and

(*b*) Rs. 1,28,694—political share in the expenditure on account of the station-ship " Cornwallis " from April to October, 1926, and on account of a hired ship up to March, 1927.

This expenditure was not provided for in the estimates for 1927-28, and has been provisionally adjusted in the accounts of the Accountant-General, Bombay, at the instance of the Accountant-General, Military Department, pending receipt of the orders of the Government of India sanctioning it. The allocation of the balance of Rs. 40,982 may follow the proportions adopted in the Colonial Office Statement " C."

These actuals do not record leave salary paid in England as the same is not booked in the accounts of the Accountant-General, Bombay.

7. Referring now to the third main point regarding the non-effective charges of the loaned Indian personnel, I am to point out that the figures given in Column 6 of the Accountant-General's Statement "C" represent the entire liability of the Home Government on this account in 1927-28. It has been calculated at 40 per cent. of the actual expenditure on Items 7, 8, and 10 and by dividing the resulting figure in the proportion in which the whole expenditure is shared. In the case of establishments (Items 11, 12 and 13) the contribution which the Home Government should make is based on the ratio 1/6th for clerks and 1/16th for menials. The Government of Bombay accept the Accountant-General's calculations in respect of all except the Resident in whose case it has been held that the pension of an Indian Service Resident will be borne wholly by the Government of India and of a non-Indian Service Resident wholly by His Majesty's Government.

The question for consideration is what amount should be fixed to represent the Home Government's annual contribution towards non-effective charges for the three years during which the arrangement will last. It would not be safe to assume that in no year will it exceed the sum of Rs. 5,771 (Rs. 12,119 total in Column 6 of the Accountant-General's Statement "C" *minus* Rs. 6,348 on account of the Resident and Commander-in-Chief). For example, the expenditure under Item 11 in that Statement does not represent the full salary of the Residency Office Superintendent who has been given a revised scale of pay only recently, and the pay of certain members of the staff is on a time-scale which will mean increasing liabilities in respect of provision for pensions. The Governor in Council, therefore, thinks that a contribution of some figure approaching Rs. 6,000 per annum would probably be required to meet the non-effective charges of the loaned Indian personnel. As elaborate calculations would be required to fix it exactly and as the amount is small, the Accountant-General's figures might be accepted. The contribution on account of passages has been shown in Column 7 of the Accountant-General's Statement " C " and is independent of the sum of Rs. 6,000 for non-effective charges.

8. The Home Government are not prepared to accept the ratio 2 : 1 in respect of the divisible expenditure. The Colonial Office suggested 7 : 3, whereas the Treasury is apparently in favour of 8 : 3 or even 9 : 3. A Statement (" Y ") is attached which show that the divisible expenditure is, roughly, in the ratio of 153 : 64 or, say, 5 : 2. This ratio is based on the figures of only one year (1927-28) but the Government of Bombay do not see that any better basis of division can be arrived at and suggest this for adoption.

9. In authorising the Government of India to control divisible expenditure in Aden, and to sanction variations in the expenditure under the heads in Statement "C" which do not involve an excess of more than 15 per cent in the total of that Statement, the Treasury, assuming that the Government of India will not exercise this authority to its full extent, suggests a margin of 10 per cent. in arriving at the total sum to be provided in the Estimate for Colonial and Middle Eastern Services for 1929. There is no objection to this course being followed, but it should be made clear that if the expenditure actually incurred involves an excess of more than 10 per cent. the deficit within the limit of 15 per cent. will have to be met by His Majesty's Government. It is to be noted that the Colonial Office have proposed to fix the figures at 20 per cent.

10. The Government of Bombay see no objection to the suggestion that before any change is made in the emoluments of the Resident and his Private Secretary and Aide-de-Camp, the previous consent of the Secretary of State for the Colonies should be obtained. In this connexion, I am to enclose for the information of the Government of India extract paragraph 3 of the Accountant-General's unofficial note, dated the 4th October, 1928, and to suggest that the question raised therein regarding the liability of the Colonial Office to share the travelling allowance of the Resident in the same proportion in which his emoluments are shared, may be settled.

11. In conclusion I am to say that the Accountant-General has excluded from his Statement " B " the figures of expenditure under " 47—Miscellaneous—Darbar Presents " and " 44—Territorial and Political Pensions," as the same has been

debited to His Majesty's Government in 1927-28, under the orders contained in the letter from the Government of India, Finance Department, dated the 19th August, 1927.

12. A copy of this letter has been sent to the Secretary, Political Department, India Office, as desired in the Secretary of State's telegram No. 3192, dated the 8th instant.

I have, &c.,
J. R. MARTIN,
Chief Secretary to the Government of Bombay,
Political Department.

The Foreign Secretary to the Government of India,
Foreign and Political Department.

SIR, Residency Officer, Aden, 8th September, 1928.

Allocation of Expenditure between the Colonial Office and the Government of India.

WITH reference to your memorandum dated 27th July, 1928, forwarding, for my remarks, a copy of correspondence on the subject of the allocation of expenditure in connexion with Aden, I have the honour to reply as follows:—

2. *Paragraph* 2 (1) *of your memorandum.*

In this connexion, I would refer you to this office, No. C. 792, dated 28th December, 1927, forwarding a copy of correspondence with the Colonial Office, in which the nature of the payment of Rs. 26,400 to the Abdali Sultan has already been explained.

3. *Paragraph* 2 (2) *of your memorandum.*

The Colonial Office wish to know the extent of the political duties or services involved in the case of the following items:—

8 Assistant Resident, Perim.
12. Pay of Arabic and Confidential branches.
13-A. Leave Salary.
15. Travelling Allowance to Political Officers.
16. Travelling Allowance to Residency and Treasury Establishments.
17. Passage concessions to Residency and Treasury Establishments.
18. House rent to Superintendent and Confidential Clerk.
21. Contract contingencies.

I will deal with these items *seriatim* as follows:—*Item* 8. The original proportion of $\frac{1}{2}$ civil and $\frac{1}{2}$ political adopted in this case has since been altered to $\frac{3}{4}$ civil and $\frac{1}{4}$ political *vide* correspondence ending with my telegram No. 268 dated 25th July, 1928.

Item 12. The sum of Rs. 10,566 (*vide* Item 12 of Statement "C" accompanying your memorandum under reference) represents the entire pay of the Arabic and Confidential Branches.

The Arabic Branch is wholly Political, but this cannot be said of the Confidential Branch as, at least one-fourth of its work is civil. I consider therefore that the proportion in the case of the latter Branch should be $\frac{1}{4}$ Civil and $\frac{3}{4}$ Political.

Item 13-*A* (*Leave Salary*).

The provision of Rs. 18,496 for leave salary is applicable to the following offices (*vide* Items 11 to 13-A of the statement which accompanied General Stewart's letter dated 9th July, 1927):—

Residency,
Treasury,
Court,
Educational,
Trade Registration,
Civil Hospital.

One-eighth of the pay of these establishments has been allocated to Political and the same proportion has been adopted in dividing the sum of Rs. 18,496.

Item 15.—*Travelling Allowance to Political Officers.*

In the statement accompanying General Stewart's letter referred to above, the posts of First Assistant Resident and Second Assistant Resident were shown as partly Civil and partly Political and the Travelling Allowance grant was divided accordingly. Now, however, that these posts have been definitely allocated to Civil, no share on account of their travelling allowance will be due from His Majesty's Government who will be responsible for the entire pay and allowances of the Second Assistant Resident and Protectorate Secretary.

Items 16, 17, 18 *and* 21.

These depend on the final allocation of Item 12.

I attach a statement showing revised figures in the case of these and other items dealt with above.

Paragraph 2 (3) *of your memorandum.*

4. The estimates for 1927-28 here do not contain any provision for non-effective charges. I suggest that the information may be obtained from the Accountant-General, Bombay.

5. The figures against Items 11 to 13 of Statement "C" accompanying your memorandum under reference were based on the old rates of pay of the establishments concerned. The pay of these establishments was revised last year with retrospective effect from 1st July, 1926, and that of the Superintendent, Residency Office, from 1st April, 1927. As the division of expenditure between Imperial and Indian funds is based on the figures of 1927 expenditure, I have substituted in the attached statement the figures of the revised pay of the Establishments in question for those shown in Statement "C" accompanying your memorandum.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

The Chief Secretary to Government,
Political Department, Bombay.

ACTUALS OF 1927-28.

Statement "A" wholly Civil. (*Of the Accountant-General, Bombay.*)

2.	First Assistant Resident	Rs. 19,140 0 0 Rs. 1,200(A) 0 0 £ 360 0 0	Sterling overseas pay.	(A) Pertains to 1927-28 and paid in 1928-29.
4.	Third ,, ,, ...	Rs. 8,724 0 0 £ 105 0 0	Sterling overseas pay.	
5.	Judicial Assistant	Rs. 19,546 0 0 £ 310 0 0	Sterling overseas pay.	
6.	Registrar of the Court	Rs. 7,447 0 0	Includes Rs.500 as fees for winding up estates.	
9.	Chairman, Port Trust and Aden Settlement	Rs. 4,068 0 0		
10.	Deputy Educational Inspector ..	Rs. 5,330 0 0		
	Head Master	Rs. 4,026 0 0		
	Lady Doctor	Rs. 3,232 0 0		
	Leave salary of Civil Surgeon.. ..	Rs. 1,888 0 0		
	Conveyance and travelling allowances to officers	Rs. 8,309 0 0		
	House rent and other allowances to officers	Rs. 2,020 0 0		

13A.	Administration of Justice Establishment	Rs. 18,196	0 0
	Educational Department	Rs. 22,668	0 0
	Trade Registration Establishment ..	Rs. 12,539	0 0
	Civil Hospital Establishment.. ..	Rs. 12,933	0 0
	Military Telephone	Rs. 7,420	0 0
19.	Local Allowance	Rs. 660	0 0
	Travelling and House Rent and other allowances to Establishments other than Residency and Treasury Establishments	Rs. 6,778	0 0
	Cost of passages under Superior Civil Service rules	Rs. 2,234	0 0
	Contribution for passages	Rs. 887	0 0
23.	Hospital charges	Rs. 24,262	0 0
24.	Grant-in-aid to Schools	Rs. 23,599	0 0
	,, to Medical Institutions ..	Rs. 1,413	0 0
		Rs. 2,18,519	0 0
Less	Contribution from Aden Settlement and Port Trust	Rs. 10,000	0 0
		Rs.2,08,519	0 0
		£775	0 0

ACTUALS OF 1927-28.

Statement "B" wholly Political. (Of the Accountant-General, Bombay).

				Non-effective charges Leave and Pension contribution payable to Indian Revenues	*Passage contribution.*
				@ 40 per cent.	
3.	Second Assistant Resident ..	(a) £	222	£ 89	
		Rs.	11,485	Rs. 4,656	Rs. 600
		Rs.	*155		
				*Pay due but not drawn in Aden.	
	Conveyance and Travelling Allowances		3,998		
20.	Entertainment Charges ..		70,662		
22.	Secret Service (Special charges) ..				
		Rs.	2,38,707	4,656	600 0 0
		£	222	89	

(A) Sterling Overseas Pay.

Note.—As the second Assistant Resident, Aden, will in future be a Colonial officer, no recovery on account of non-effective charges will be made from the Colonial Office. As in the year 1927-28, the officer holding the post was an officer belonging to the Indian Political Department, recovery of leave and pension contribution at 40 per cent. and passage contribution at Rs. 50 *per mensem* has been shown under non-effective charges. The actual amount paid to them on account of passages has been included in Statement "A."

STATEMENT "C" DIVISIBLE EXPENDITURE.

	(1)	(2)	*Civil.* (3)	*Political.* (4)	*Non-effective charges of Leave and Pension Contribution.* (5)	*Passage Contribution.* (6)	*Remarks.* (7)
1.	Pay of Resident ..	8,371	15,871	—	6,348 (b)	300 (d)	Moiety of Pay of Resident debitable to Military is not accounted for by this office. An equal amount must have been debited to Military Department.
		(a)7,500					
	Reservist	20,664					
7.	Aide-de-Camp to Resident	9,408	4,704	4,704	1,881	300 (d)	
8.	Assistant Resident, Perim	3,526	2,644	882	352	150 (d)	(a) Pay of Resident from 1st October, 1927, paid by the Command Pay Master, for which debit has not been received from the High Commissioner for India.
10.	Civil Surgeon and fees ..	21,063	16,851	4,212	1,685		
	Privilege leave salary of	†2,903					
11.	Pay of Superintendent-Office Establishment ..	5,020	3,765	1,255	209*		(b) According to Harding's letter No.P-4205-A. dated 9th August, 1928, at page 55 of the Secretariat File, the pension of the officer will be payable by the Colonial Office or Military Department to whichever Department the Resident may belong. If he is an India Service Officer contribution will be payable to the India Government by the Colonial Office. If he is a Colonial Officer contribution will be recoverable from the Indian Government. As in 27-28 an Indian Service Office (Military Officer) was then [? Resident,] Rs.6,348 shown is payable by the Colonial Government [? Office] and the amount is creditable to Military Department.
12.	Pay of Clerks—						
	Residency Office ..	22,326	22,326				
	Arabic Branch ..	7,789	—	7,789	1,171*		
	Confidential Branch ..	3,318	830	2,488	415*		
13.	Treasury Office.. ..	12,988	12,617	371	58*		
	Leave Salary ..	7,524	6,584	940			
14.	Fixed conveyance Allowance to officers ..	—	—	—	—		(d) No passages were paid by this office provision for passage contribution at Rs.50 *per mensem* for each office has been made.
15.	Travelling allowance and Sumptuary allowance to Resident	6,563	3,282	3,281			
16.	Travelling allowance to Residency and Treasury Establishments ..	485	323	162			* Pension contribution at 1/6 for clerks and 1/16 for menial.
17.	Passage concession to Residency and Treasury Establishments ..	3,392	2,261	1,131			
18.	House Rent to Superintendent and Confidential Clerk	900	405	495			† The leave salary drawn by civil Surgeon amounting to Rs.1,887 9 0 has not been shown in this statement at all as leave and pension contribution at 40 per cent. has been charged to Imperial Revenue the amount of Rs.1,888/- has accordingly been shown in Statement "A." The leave salary drawn by the Surgeon pertains to the Privilege leave portion of his leave and as such portion of leave also is being considered as duty under Military Rules, his leave salary has been shown in Statement "C."
21.	Contingencies	‡1,84,296					
		3,28,036	92,463	27,710	12,119	750	‡ Details of this figure are given in Statement "D."

STATEMENT "D."

Details of Contingencies shown in Accountant-General's Statement "Y."

Serial No.	*Detailed Head.*	*Amount.*
1.	Diet money of prisoners	55
2.	Rations to compounders and boat crew	1,421
3.	Hire of boats	1,43,314
4.	Purchase and repairs to Gig and Flag staff	46
5.	Maintenance of state equipage	3,168
6.	Rents, rates, and taxes	2,617
7.	Service Postage and Telegram charges	11,465
8.	Pay of Menials	540
9.	Contract contingencies	15,397
10.	Office expenses and Miscellaneous	4,750
11.	Purchase of tents	2,236
12.	Arms and Ammunitions	713
	Total	Rs.1,84,296 [?1,85,722]

STATEMENT "X."

Divisible Expenditure.

Item.		*Civil.*	*Political.*	
	Rs.	Rs.	Rs.	
8.	Assistant Resident, Perim ..	3,600	2,700	900	3/4ths Civil and 1/4th Political
11.	Pay of Superintendent, Residency Office ..	7,800	5,850	1,950	3/4ths Civil and 1/4th Political
12.(a)	Pay of Confidential Branch ..	5,100	1,275	3,825	1/4th Civil and 3/4ths Political
	(b)Pay of Arabic Branch ..	6,936	—	6,936	Wholly Political
	(c)Residency Office	23,724	23,724	—	
13.	Pay of Treasury Establishment	13,947	13,549	398	1/35th Political, 34/35ths Civil
13.(a)	Leave Salary	18,496	16,184	2,312	Roughly 7/8ths Civil and 1/8th Political
16.	Travelling Allowance to Residency and Treasury Establishments ..	8,840	5,894	2,946	This is divided in the proportion of 2 Civil to 1 Political
17.	Passage concession to Residency and Treasury Establishments ..	5,000	3,333	1,667	2/3rds Civil and 1/3rd Political
18.	House rent to Superintendent and Confidential Clerk ..	*3,600	3,105	†495	†3/4ths of the rent of Confidential Clerk and 1/4th of the Superintendent
	Contract Contingencies ..	49,044	37,197	11,847	No change

*Please see paragraph 4 of Resident's letter dated the 9th July, 1927.

STATEMENT "Y."

Showing the ratio in which the divisible expenditure in 1927-28 is to be shared.

Item.	*Total expenditure.*			*Non-effective charge.*		*Passage contribution.*	
		Civil.	*Political.*	*Civil.*	*Political.*	*Civil.*	*Political.*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	Pay of Resident	31,742	15,871	15,871	—	—	300	300
	Reservist	20,664	16,534	4,130	—	—	—	—
7.	Aide-de-Camp to Resident	9,408	4,704	4,704	1,881	1,881	300	300
8.	Assistant Resident, Perim	3,526	2,644	882	1,058	352	450	150
10.	Civil Surgeon and Fees	21,063	16,851	4,212	6,740	1,685	—	—
11.	Pay of Superintendent Office Establishment	5,020	3,765	1,255	627	209	—	—
12.	Residency Office	22,326	22,326	—	—	—	—	—
	Arabic Branch	7,789	—	7,789	—	1,171	—	—
	Confidential Branch	3,318	830	2,488	138	415	—	—
13.	Treasury Office	12,988	12,617	371	1,972	58	—	—
	Leave Salary	7,524	6,584	946	—	—	—	—
15.	Travelling allowance and Sumptuary allowance to Resident ..	6,563	3,282	3,281				
16.	Travelling allowance to Residency and Treasury Establishments ..	485	323	162				
17.	Passage Concessions to Residency and Treasury Establishments ..	3,392	2,261	1,131				
18.	House Rent to Superintendent and Confidential Clerk	900	405	495				
21.	Contingencies	40,982	30,737	10,245				
	Total	1,97,690	1,39,734	57,956	12,416	5,771	1,050	750

Expenditure debitable to Civil Rs.1,53,200 (Totals of Columns 4, 6 and 8).

Expenditure debitable to Political Rs.64,477 (Totals of Columns 5, 7 and 9) which brings the ratio 153 : 64 or roughly 5 : 2.

COPY OF THE CONTROLLER OF CIVIL ACCOUNTS, NEW DELHI'S LETTER, DATED 19TH MARCH, 1928, TO THE ACCOUNTANT-GENERAL, BOMBAY.

Balance outstanding on the 31st March, 1926, under the head " His Majesty's Imperial Government Miscellaneous " in the London Account Current of the Secretary of State for India.

With reference to the paragraph 2 of your letter dated the 8th December, 1926, forwarding a copy of letter, dated the 25th November, 1926, from the Political Resident, Aden, regarding the sum of Rs. 1,50,000 paid to His Highness the Sultan of Lahej and in continuation of this office letter, dated the 10th November, 1927, I have the honour to forward herewith for necessary action and early report, a copy of letter dated the 14th February, 1928, from the Accountant-General, India Office, London.

COPY OF A LETTER, DATED THE 14TH FEBRUARY, 1928, FROM THE ACCOUNTANT-GENERAL, INDIA OFFICE, TO THE AUDITOR-GENERAL, NEW DELHI.

With reference to your letter of the 10th November last, I have to inform you that the Secretary of State for India in Council has now sanctioned the charge against Indian Revenue of the payment made to the Sultan of Lahej (on the understanding that its incidence shall still remain reserved). The sum of £11,250 on this account is shown as a debit at Item 10 in the List of Balance outstanding on the 31st March, 1926, and I am to request that you will state the schedule of the Outward Account Current in which this debit will be withdrawn.

EXTRACT, PARAGRAPH 3, OF ACCOUNTANT-GENERAL'S NOTE, DATED THE 4TH OCTOBER, 1928.

3. From Sir R R. Scott's letter No. E. 19172, dated 5th March, 1928, to the Under-Secretary of State, Colonial Office (copy forwarded to Local Government under Government of India, Finance Department endorsement, dated 1st May, 1928), and letter, dated 4th August, 1928, from the Under-Secretary to the Government of India, Foreign and Political Department to this office (copy already forwarded to Local Government) it appears that the Colonial Office will bear a moiety of only the pay and Entertainment allowance of the Political Resident, Aden. Travelling allowance is not an emolument. According to Article 184 of the Audit Code, Travelling Allowance in Indian Accounts is debitable to the head to which the pay of the officer is charged. The Travelling allowance admissible to Sir Stewart Symes on account of his visit to the Governor might analogously be borne in equal proportions between Colonial and Indian Revenues. As however there are no orders to the effect that the Travelling allowance of the Resident should be charged in equal proportions, it appears necessary to ascertain whether the Colonial Office will bear half the charge on this account. Necessary orders on this point may therefore be obtained. Meanwhile Travelling Allowance will be provisionally debited to the Indian Revenues subsequent adjustment being made if necessary, on receipt of further orders.

Enclosure 2 in No. 52.

SUMMARY OF GOVERNMENT OF INDIA CLAIM IN RESPECT OF ADEN EXPENDITURE, 1927-28.

(1) *Details.*	(2) *Amount.* Rs.	(3) *Sterling equivalent of column 2 at Rs.= 1s. 6d.* £ s. d.	£ s. d.
Statement B.			
Less :—Secret Service charges ..	2,38,707 1,50,000		
	88,707		
Non-effective charges	4,656		
Passage contribution	600		
	93,963	7,047 4 6	
Sterling charges		222 0 0	
		89 0 0	
			7,358 4 6
Statement "Y."			
Political charges (Column 5)	57,956		
Non-effective charges (Column 7) ..	5,771		
Passage contribution (Column 9) ..	750		
	64,477		4,835 15 6
			£12,194 0 0
Hire of boats	1,43,314		10,748 11 0
			£22,942 11 0

C. 59274/28 [No. 50].

No. 53.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 55.]

SIR, Downing Street, 29th December, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of Mr. Clough's letter of the 28th November last,* preferring a claim, supported by statements and copies of correspondence with the Government of India, for £22,942 11s. 0d. in respect of political expenditure in connexion with Aden for the year 1927/28.

2. The claim was duly examined in the Colonial Office and found to be in order with the exception of the item of Rs 1,43,314 for the hiring of boats to which reference is made in paragraph 4 of your letter. As regards this item, I am to state that, as it was essential that the expenditure which was acceptable against the Estimate for the year 1927/28 should be included in the accounts of this Department for September, 1928, which it was necessary to close before 30th November, time did not admit of further investigation and on the information then available Mr. Amery was unable to accept this charge against the year 1927/28. It is now understood from Mr. Laithwaite's semi-official letter of the 3rd December,† that, of the total amount claimed, Rs. 1,28,694 has since been found to be entirely debitable to India and that the balance of Rs. 14,620 only was incurred subsequent to the 1st April, 1927, the principle on which this amount is to be divided between His Majesty's Government and India still remaining to be determined.

3. With regard to the item of Rs. 1,50,000 paid to the Sultan of Lahej, it is noted from paragraph 5 of your letter that, as Mr. Amery was not prepared to accept this charge pending further investigation as no previous intimation of it had been made to the Colonial Office and in consequence no provision was made in the Estimate for 1927/28, Viscount Peel agreed to this amount being omitted from the claim on the understanding that this action is without prejudice to the ultimate disposal of the charge. Mr. Amery is prepared to accept this undertaking.

4. In connexion with the claim for £10,697 18s. 2d., pensions and darbar presents, referred to in paragraph 2 of your letter, I am to invite attention to Colonial Office letter of even date, No. 51 Accounts, from which you will observe that a sum of £8,717 18s. 2d. was found to be acceptable against the year 1927/28.

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* No. 52. † C. 59274/28 [No. 47] : not printed.

5. The total expenditure in connexion with political services at Aden accepted as a charge against the Account of the Vote for Middle Eastern Services, 1927, therefore, amounted to £20,911 18s. 2d., as shown below:—

	£ s. d.	£ s. d.
General expenditure	22,942 11 0	
Less—hiring of boats (paragraph 2 above). Rs. 1,43,314 @ 1s. 6d. to the rupee ...	10,748 11 0	12,194 0 0
Pensions and Darbar presents	10,697 18 2	
Less—Sheikh Othman concession (Colonial Office letter, 51 Accounts, of even date)...	1,980 0 0	8,717 18 2
Total ...		£20,911 18 2

A sum of £30,000 having been advanced to your Department on the 20th January last, I am now to request that the unexpended balance of £9,088 1s. 10d. may be refunded to the account of the Vote for Middle Eastern Services with His Majesty's Paymaster-General under the accompanying Receivable Order.

6. I am to take this opportunity of referring to the general question of accounts required by the Colonial Office in respect of Aden expenditure. As Viscount Peel is no doubt aware, the Appropriation Accounts for which the Colonial Office are responsible are due to be closed under date 30th September, and rendered to the Comptroller and Auditor-General at the latest by the 30th November in each year. It is therefore essential that any claims properly debitable against these accounts should be submitted to the Colonial Office at the earliest possible opportunity in order that there may be ample time for them to be properly examined prior to their being incorporated in the accounts of this Department. In the case of the Aden expenditure for the year 1927/28, no claim was received until the last few days of November, 1928, and it was practically impossible in the time then available to conduct any adequate examination of the statements, to admit of any inquiry regarding doubtful items, or to refer the statements back for certification. It is doubtful on this occasion whether any further expenditure could have been accepted with the exception of part of the sum of Rs. 14,620 referred to in paragraph 2 above, but Mr. Amery is anxious that arrangements may be made for the earlier submission of accounts to avoid the great inconvenience caused by the receipt within a few days of the statutory date of closing the accounts of this Department. I am to add that, from the Colonial Office point of view, it would be convenient if a detailed statement of Aden expenditure could be submitted quarterly as soon after the close of each quarter as possible. It will be appreciated that any accounts received in this connexion are required to support the cash account of this Department, and to this end, if they cannot be supported by detailed vouchers as is desirable, they should bear a certificate by some responsible officer, e.g., the Comptroller and Auditor-General for India, that they are correct and include such charges as are proper under the arrangements for the division of expenditure at Aden.

I am accordingly to inquire whether Viscount Peel is agreeable to this suggestion, and if so whether he will be good enough to make the necessary arrangements with the Government of India with a view to the early submission of a claim in respect of the half year ended 30th September, 1928, and thereafter quarterly claims. In the event of quarterly claims being impracticable, I am to ask that an early reply may be given to this letter.

I am, &c.,
F. J. HOWARD.

C. 59274/28 [No. 53].

No. 54.

COLONIAL OFFICE to TREASURY.

Downing Street, 7th January, 1929.

SIR,

I AM directed by Mr. Secretary Amery to refer to paragraph 2 of Sir R. V. Nind Hopkins' letter of the 26th July last, No. S. 21238/02,* conveying the sanction of the Lords Commissioners of the Treasury to the allocation as between British and

* No. 49.

Indian funds of the expenditure in connexion with Aden for the year 1927/28 on the basis of Statement X enclosed in the letter from this Department of the 27th June last,* and to request you to inform Their Lordships that it appeared from a claim, supported by statements and copies of correspondence with the Government of India, which was received from the India Office on the 29th of November last,† that the actual expenditure for the year which His Majesty's Government was expected to accept had been allocated, not on the basis of Statement X referred to above, but in accordance with Statements A, B, and C also enclosed in Colonial Office letter of 27th June, 1928, i.e., the basis agreed upon for the three years commencing 1st April, 1928.

2. The amount so claimed totalled £22,942 11s., but of this amount Mr. Amery was unable to agree, on the information then at his disposal, to an item of £10,748 11s. included in respect of the hire of boats and the difference of £12,194, together with a further sum of £8,717 18s 2d. in respect of political pensions and Darbar presents, making a total of £20,911 18s. 2d., was accepted as a charge against the account of the Vote for Middle Eastern Services, 1927/28. I am to explain that, in view of the short time remaining between the date of receipt of the claim and the statutory date for closing the Appropriation Account of that Vote for the year 1927, Mr. Amery had no alternative but to agree to the acceptance of the expenditure on the basis claimed by the Government of India, which was to the advantage of His Majesty's Government. It was understood, after semi-official reference to your Department, that no objection would be raised to this course, and I am now to request that Their Lordships may be moved to give Their covering authority for this action. In this connexion, I am to enclose a copy of a letter‡ which has been addressed to the India Office.

3. I am also to inform you, with reference to paragraph 8 of your letter under reference, that the claim from the Government of India included non-effective charges totalling £1,194 5s. 6d. as representing the entire liability of His Majesty's Government on this account for the year 1927. The charge for pension and leave was calculated at 40 per cent. of the actual expenditure on items 7, 8, and 10 shown on Statement C enclosed in Colonial Office letter of the 27th June, 1928, and the contribution for passage at Rs. 50 *per mensem*, the result being divided in the proportion in which the expenditure is shared; in the case of establishments the pension and leave contribution is based on the ratio one-sixth for clerks and one-sixteenth for menials. As Their Lordships are aware, the general question of the rate of non-effective charges is still under correspondence between the Colonial Office and India Office and, in this connexion, I am to invite reference to the correspondence ending with India Office letter of the 23rd November, 1928,§ of which a copy has been forwarded to you direct. This letter is under consideration in this Office, and a further communication on the subject will be addressed to you as early as possible. In the meantime, however, I am to request that Their Lordships may be moved to sanction the acceptance of the charge raised for 1927/28 pending settlement of the general question.

4. In view of an inquiry which has been received recently from the Comptroller and Auditor-General in connexion with the above points, I am to request the favour of a very early reply to this letter.

I am, &c.,
F. J. HOWARD.

C. 59274/28 [No. 59].

No. 55.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 56.]

India Office, Whitehall,
London, S.W.1, 21st January, 1929.

SIR,

I AM directed to acknowledge the receipt of Mr. Howard's two letters of 29th December,‡ and 51 Accounts dealing with the claims for 1927/28 on account of (*a*) miscellaneous political expenditure at Aden, and (*b*) territorial pensions and Darbar presents. It is noted that the total sum of £20,911 18s. 2d. has been admitted and set-off against the advance of £30,000 paid on the 20th January, 1928. As regards the balance of £9,088 1s. 10d., I am to suggest that, as further information is still

* No. 48. † No. 52. ‡ No. 53. § No. 51.

awaited from India before the exact amount of the charges for 1927/28 can be determined, and as £15,000 only has so far been advanced to meet the expenditure for the current year, this sum should be carried forward for setting-off against the expenditure in 1928/29 and any further amounts found to be due for 1927/28. The Receivable Order is accordingly returned herewith.

2. With regard to the delay in the submission of the claims for 1927-28, Mr. Secretary Amery will doubtless appreciate the difficulty caused, in this connexion, by the uncertainty existing, up to a late date, as to the allocation of expenditure between "Civil" and "Political." The final letter from your Department on this subject issued as recently as 9th August last,* and raised questions making it necessary to refer to the Government of India, the Government of Bombay, and the Resident at Aden. The explanation as to accounting procedure contained in Colonial Office letter will now be communicated to the Government of India and the Government of Bombay, and the former will be asked to arrange, as in the case of recoverable Military expenditure, for the despatch for the future of quarterly statements supported by audit certificates as desired. Steps are also being taken to invite the Government of India to furnish an audit certificate in support of the Accounts for 1927/28.

3. In paragraph 3 of Mr. Howard's letter, No. 51 Accounts, inquiry is made why pensions and other payments accruing before 1st April, 1927, have been regarded as debitable against His Majesty's Government. The inclusion in the claim of these items was in accordance with the normal procedure in Indian Government accounting, under which all payments made in a year are reckoned as part of the expenditure of that year. In the case of Military expenditure it was agreed with the War Office that the incidence of any item should be determined solely by the date of payment or receipt, and it was not contemplated that a different system would prevail in the case of Political, &c., expenditure. I am to express the hope, therefore, that your Department will accept the claims as rendered in this respect.

4. The delay in the disbursement of certain pensions is doubtless due to the Arabs in question being resident in the Hinterland or elsewhere, and not always within easy reach of Government authorities, who have, moreover, to furnish life certificates as a preliminary to payment. The Government of India will be asked to confirm that this is the case, and to arrange that payment of the pensions in question shall so far as possible be expedited.

5. Inquiry will be made regarding the details of the furniture purchased for the Guest House at Aden.

I am, &c.,
SIDNEY TURNER,
Accountant-General.

C. 59274/28 [No. 64].

No. 56.

COLONIAL OFFICE to INDIA OFFICE.

Downing Street, 22nd February, 1929.

SIR,

I AM directed by Mr. Secretary Amery to refer to your letter of the 21st of January,† and to previous correspondence regarding the method at present in force of accounting for the share of the expenditure incurred in Aden chargeable to His Majesty's Government in Great Britain, and to request you to inform Viscount Peel that his attention has been drawn to the desirability of the Resident accounting direct to the Colonial Office for that part of the expenditure which falls to be met wholly from British funds.

2. When responsibility for the political administration was first vested in the Secretary of State for the Colonies on the 1st of April, 1927, it was contemplated that the Resident would account direct to the Colonial Office and a memorandum of financial instructions was issued to him for his guidance in the matter though, in view of the method hitherto followed, these instructions have so far not become operative.

3. It is not expected that any great difficulty need be experienced in giving effect to the proposal for direct accounting as regards that portion of expenditure in Aden which falls to be met entirely from British funds and in fact it would appear to be preferable on all grounds that the Resident should be asked to follow this course. The expenditure in question would comprise (*a*) local payments of Darbar presents

* No. 50. † No. 55.

and Political Stipends to Arab chiefs a refund of which was claimed in India Office letter of the 16th November, 1928,* in respect of the 1927/28 expenditure, and (*b*) the expenditure similar to that shown in Statement "B" of the Accountant-General, Bombay, enclosed in the India Office letter of the 28th of November, 1928† (excluding the salary of the Second Assistant Resident which is at present paid in this country), and (*c*) expenditure on Political Officers. As regards expenditure which is partly civil and partly political it is suggested that the arrangements contemplated in the letter from this Department of 29th December last‡ should continue.

4. If this procedure were brought into force, it would probably be convenient for the Government of India to continue to keep the Resident in funds to meet his wholly political expenditure, and any advances thus made to the Resident could be reimbursed to the India Office by the Colonial Office in the same manner as at present in operation in connexion with the provision of funds to the High Commissioner, 'Iraq.

5. It is not proposed to effect any alteration in the present method whereby the Air Ministry account to the Colonial Office for certain expenditure on armed forces which is wholly chargeable to British funds.

6. I am accordingly to request that Mr. Amery may be favoured with the views of Viscount Peel on this matter. If, as it is hoped, these proposals commend themselves to him, I am to suggest that early steps should be taken to give effect to them in order that, if possible, they may become operative with the next financial year commencing 1st April, 1929. I am to add that a copy of this letter is being forwarded direct to the Resident, Aden.

I am, &c.,
F. J. HOWARD.

C. 69274/29 [No. 48].

No. 57.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall.
London, S.W.1, 11th September, 1929.

SIR,

WITH reference to previous correspondence relative to the outstanding questions of the incidence of Aden expenditure, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, a statement containing the recommendations of the Government of India, on the subject, dated 4th July, 1929. Copies of the letter from the Government of Bombay, dated 10th November, 1928,§ to which reference is therein made, were communicated demi-officially to the Colonial Office in December of last year.

2. Subject to the following comments the Secretary of State accepts the views expressed on the questions now in issue by the Government of India.

Item 2 (*c*). *Non-effective Charges.* The Secretary of State without wishing to press the matter, is of opinion, having regard to the fact that actual non-effective figures have been calculated for the 1928-29 accounts, that it would be more satisfactory to embody the precise non-effective figures. He proposes to cause the Government of Bombay to be asked to provide exact figures and percentages showing how the amount of Rs. 6,000 proposed to be reclaimed from the Colonial Office is reached. Pending receipt of their report, he would suggest, in the interests of despatch, that the figure of Rs. 6,000 should be provisionally accepted, subject to any subsequent adjustment which may prove necessary.

Item 3. *Leave, Pension, and Passage Contributions.* It has now been agreed that in the case of the Resident no leave contribution and no pension contribution shall be paid; that the leave salary of an officer holding the appointment of Resident in respect of leave earned by service as Resident shall be shared equally between the two Governments concerned, no question of contribution being introduced; and that each Government shall bear all expenditure in connexion with the pension of an officer found from its own service. This decision will necessitate a modification of the relevant reference in Statement "C" attached to the Bombay letter of 10th November, 1928. The Secretary of State also agreed that Indian revenues shall bear a moiety of the passage allowance admissible under Colonial Regulations to a Colonial Service Resident on first appointment. The Imperial

* No. . † No. 52. ‡ No 53. § Enclosure in No. 52.

Departments simultaneously expressed their willingness to bear a corresponding share of any similar allowance which might be granted to an Indian Service Resident, but after consultation with the Government of India, it was decided that no special allowance should be granted to such an officer. The Secretary of State now directs me to say that while he does not propose to re-open the question of granting a special allowance to an Indian Service Resident, he trusts that the Secretary of State for the Colonies will be prepared to agree to bear one-half of the cost of the actual passage to and from Aden on assuming and relinquishing duty, of an Indian Service Resident, his family and his personal staff, if any.

Item 4. The Government of India's report on the question of Hodeidah expenditure represents the results of inquiries made consequent on Mr. Howard's demi-official letter of 19th October, 1928,* to Mr. Laithwaite.

Item 5. *Incidence of the Rs.* 1½ *lakhs paid to the Sultan of Lahej.* This question has already formed the subject of demi-official discussion with the Colonial Office (compare Mr. Laithwaite's demi-official letter to Mr. Howard of 3rd December, 1928†). The Secretary of State is prepared to agree that the final incidence of this expenditure shall be left to be settled in connexion with the general discussion of outstanding war questions which are proceeding with the Imperial Government, and that it shall be excluded from normal Aden expenditure 1927-28, on the understanding, however, that this arrangement is without prejudice to the question of final incidence.

Item 6 (*a*). It has now been agreed that the travelling allowance of the Resident shall be borne in equal shares by Indian and Imperial revenues (12th Meeting of Standing Aden Committee).‡

(*b*) *I. Hired Ship.* A copy of the Government of India telegram No. 970-S of 4th March, 1929, is enclosed. The Secretary of State on the information available to him, is in general agreement with the Government of India, but the accounting questions involved still appear obscure. *Prima facie*, the War Office having paid the estimated amount for the whole year, 1927-28, would be entitled to receive both political (or Colonial Office) share and the Indian share. In the interests of disposing, however, of the major questions of incidence in connexion with Aden, the Secretary of State would propose that this relatively minor point might be left over for separate disposal.

3. In view of the desirability of disposing, with as little further delay as possible, of these long-standing and complicated questions, the Secretary of State trusts that Lord Passfield will be able to intimate to him at an early date his concurrence in the proposals of the Indian authorities and in particular in the proposal in 2 (*b*) of the Government of India's letter as regards the authority to sanction variations in divisible expenditure

I am, &c.
J. C. WALTON.

Enclosure 1 in No. 57.

SIR, Simla, 4th July, 1929.

Incidence of Aden Expenditure.

WITH reference to the telegram from His Excellency the Viceroy, 118-N., dated the 17th June, I am directed to forward herewith a statement containing the recommendations of the Government of India on the outstanding questions of incidence of Aden expenditure.

The delay which has occurred in forwarding the views of the Government of India is much regretted.

I have, &c.,
V. NARAHARI RAO,
for Foreign Secretary to the Government of India.

The Under-Secretary of State for India,
Political Department,
India Office, London.

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* C.59188/28 [No. 6]: not printed. † C. 59274/28 [No. 47]: not printed. ‡ No. 12.

Views of Government of India.

The Government of India accept the recommendation, made in paragraph 3 of the letter from the Government of Bombay, dated the 10th November, 1928,* that the expenditure is debitable to the Civil budget. A copy of this letter has been sent by the Government of Bombay direct to the India Office.

The Government of India accept the division of expenditure recommended in paragraph 4 of the Bombay Government's letter dated the 10th November, 1928, and in the Statement X appended thereto.

The Government of India are of opinion that the ratio as worked out in the Statement Y, appended to the Bombay Government's letter dated 10th November, 1928, is the best that can be arrived at, and they recommend the adoption of the ratio 5 : 2 in respect of divisible expenditure. This ratio includes non-effective charges, and passage contributions.

The suggestion of the Colonial Office that the Government of India should be authorized to sanction variations in divisible expenditure up to a limit of 15 per cent. of the total expenditure under the heads in Statement C, appended to the Bombay Government's letter dated the 10th November, 1928, is accepted by the Government of India on the understanding that if the expenditure actually incurred involves an excess of more than the 10 per cent. margin provided for in the Colonial and Middle Eastern Services Vote, the excess within the limit of 15 per cent. will be met by His Majesty's Government.

The Government of India accept the suggestion made in paragraph 7 of the Bombay Government's letter dated the 10th November, 1928, and recommend that the amount of the non-effective charges, on account of loaned Indian personnel, which should be borne by His Majesty's Government should be fixed at Rs. 6,000/- per annum.

† No. 48. ‡ No. 49.

Correspondence referred to.

(1) India Office letter to Government of India dated the 5th July, 1928.

Subject.

(*a*) Payment to the Abdali Sultan of Lahej of Rs. 26,400 for compensation for water and salt rights at Shaikh Othman.

(*b*) Extent of political duties of services involved in the case of certain services (paragraph 2 of the letter from the Colonial Office to the Treasury No. 13, dated 27th June, 1928†).

(2) India Office letter to the Government of India dated the 16th August, 1928.

(*a*) Ratio of expenditure between the Home and Indian Governments (paragraph 4 of Treasury letter No. S. 21238/02, dated 26th July, 1928,‡ to the Colonial Office).

(*b*) Authority to sanction variations in divisible expenditure (paragraph 5 of Treasury letter referred to under (*a*) above).

(*c*) Rate for non-effective charges (paragraph 8 of Treasury letter referred to above).

* Enclosure in No. 52. † No. 49.

Correspondence referred to.	*Subject.*	*Views of Government of India.*
(3) Telegram from His Majesty's Secretary of State for India, No. 2977, dated 19th October, 1928.	Leave and passage contributions.	These have been taken into account and have been included in Statements B and C, appended to the Bombay Government's letter dated 10th November, 1928. (India Office letter 21st June, 1928, has been disposed of in our telegram No. 12-N, dated the 25th January, 1929.)
(4) Letter from Colonial Office to the India Office dated 19th October, 1928,* read with India Office letter dated the 25th October, 1928, to the Government of India.	Expenditure on Hodeidah Mission. Travelling allowance of Civil Administrator, Kamaran.	The Accountant-General, Bombay, has reported that no expenditure, on account of travelling allowance of the Civil Administrator, Kamaran, while serving as Political Officer, Southern Red Sea Coast, with the Hodeidah Mission under his control, was or is being included in the Aden general expenditure or in the accounts of the Kamaran Island. The travelling allowance bills of the Administrator received by the Accountant-General, Bombay, do not contain any such items.
(5) Paragraph 5 of letter from Deputy Accountant-General, India Office, to the Colonial Office, dated the 28th November, 1928.†	Incidence of the sum of Rs. 1,50,000 paid to the Sultan of Lahej.	This expenditure was incurred on the installation of the Abdali Sultan in order to help him to start his regime afresh, but the question of its incidence was reserved, and it was only as a provisional measure for accounting convenience that the Secretary of State agreed, without prejudice to its ultimate incidence, that it might be entered in the accounts of 1918-19 as a payment from Indian revenues instead of as a suspense payment. The Government of India adhere to the statement made in their telegram No. 2594-S, dated the 30th November, 1928,‡ that the expenditure is wholly debitable to His Majesty's Government as part of war expenditure. They trust that every endeavour will be made to obtain the acceptance of this charge by His Majesty's Government.
(6) Letter from the Government of Bombay dated 10th November, 1928.	(*a*) Paragraph 10 of the letter. Travelling allowance of Resident and Commander-in-Chief.	The Government of India are of opinion that the Travelling Allowance of the Resident should be shared in moieties by His Majesty's and the Indian Governments in the same manner as his pay and entertainment allowance, and it is requested that His Majesty's Government be moved to accept a moiety of the charge.

* C. 59188/28 [No. 6]: not printed. † No. 52. ‡ Enclosure in C. 59274/28 [No. 47]: not printed.

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Correspondence referred to.	*Subject.*	*Views of Government of India.*
	(*b*) First sub-paragraph of paragraph 6; Contingent expenditure 1927-28.	The sum of Rs. 1,84,296 in Statement D, appended to the Bombay Government's letter, is made up as follows:—

	Rs.
(i) Political share on account of hire of Messrs. Cowasjee Dinshaw Brothers' ship	14,620
(ii) Political share of the cost of the "Cornwallis" ...	1,28,694
(iii) Other contingent expenditure	40,982
	Rs. 1,84,296

(i) has been dealt with separately in the telegram from the Government of India, No. 970-S, dated 4th March, 1929.
(ii) has been accepted as a charge against Indian Revenues, *vide* the telegram from the Government of India, No. 2594-S, dated 30th November, 1928.*
(iii) The Government of India recommend that this expenditure be allocated between the Home and Indian Governments in accordance with the proportion adopted for Item 21 in Statement C, appended to the letter from the Colonial Office to the Treasury, No. 13, dated the 27th June, 1928.†

(*c*) Second sub-paragraph of paragraph 6: Leave salary paid in England.	The figures of actuals given by the Accountant-General, Bombay, for leave salary do not include leave salary paid in England. Leave salary will be a charge on Indian revenues, as the Home Government will pay contributions for leave on the pay or share of pay which is borne by them.

* Enclosure in C. 59274/28 [No. 47]: not printed † No. 48.

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Enclosure 2 in No. 57.

VICEROY, FOREIGN AND POLITICAL DEPARTMENT, to SECRETARY OF STATE FOR INDIA.
(DATED 4TH MARCH, 1929.)

TELEGRAM.

(Paraphrase.)

No. 970-S THEIR liability is regarded by the Government of India as limited to contribution for services rendered by ship to Kamaran Lazaretto and for Perim lights. They have already agreed in case of latter to reduction by Rs. 500 per annum from 1st April, 1928, of Board of Trade contribution of Rs. 1,900 *per mensem* (reference in this connexion is invited to letter No. 561-S(7) dated 16th August, 1928, from the Commerce Department). They are prepared to pay in the case of the former actual charges for carriage of goods required for, and passengers connected with, the quarantine station from Lazaretto funds.

Foregoing refers to your telegram No. 3625, dated 14th December. Expenditure after 1st April, 1927, on Aden station ship.

C. 69274/29 [No. 50].

No. 58.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 59.]

SIR, Downing Street, 9th October, 1929.

I AM directed by Lord Passfield to refer to Sir R. V. Nind Hopkins' letter of the 19th of January last, No. S.21238/02,* and to subsequent correspondence regarding the expenditure at Aden chargeable to His Majesty's Government and to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a letter† and enclosures which has been received from the India Office regarding certain items of expenditure, the allocation of which has been the subject of correspondence between the three Departments.

The various points raised in the enclosed letter have been considered by Lord Passfield and I am to enclose herewith, for Their Lordships' approval prior to despatch, a draft reply‡ which he proposes to send to the Secretary of State for India. Should Their Lordships approve of the proposed reply, the present position regarding the allocation of the divisible expenditure originally shown on Statement C enclosed in the letter from this Department of the 27th June, 1928,§ will then be as shown on the revised Statement "C."

I am to request that Their Lordships may be moved to convey Their general concurrence in the terms of the enclosed draft letter in due course.

I am, &c.,
H. R. COWELL.

Enclosure 2 in No. 58.

ADEN.

STATEMENT "C" DIVISIBLE EXPENDITURE.

Head.	*Proportion of Political Charge.* *Original.*	*Revised.*	*Reference to Correspondence and Notes, &c.*
1. Pay of Resident.. ..	1/2	No change.	
— Reservist..	Divided in proportion to totals of Assistant Residents.	(a) 1/5 charged in 1927-8 and 1928-9.	(a) The Resident has been asked for the reason for this basis of allocation. (Observation by Accounts Department on the Aden Accounts).

* C. 59274/28 [No. 61]: not printed.
‡ For draft as sent *see* C 79274/30 [No. 6].
† No. 57.
§ No. 48.

Head.	*Proportion of Political Charge.* *Original.*	*Revised.*	*Reference to Correspondence and Notes, &c.*
7. Aide-de-Camp	1/2	No change.	E. 19172 of 26th July, 1929.
(b) Leave and pension contribution	,,	,,	(b) At 40 per cent. of salary if seconded from India.
(c) Passage contribution	,,	,,	(c) At Rs. 50/- *per mensem* if seconded from India.
8. Assistant Resident, Perim	1/2	1/4 (d)	(d) Treasury S. 21238/02, 2nd November, 1928.
(b) Leave and pension ..	,,	,,	(b) At 40 per cent. of salary.
(c) Passage	,,	,,	(c) At Rs. 50/- *per mensem*.
10. Civil Surgeon	1/5	No change.	
(b) Leave and pension ..			(b) At 40 per cent. of emoluments.
11. Superintendent's Office ..	1/4	No change.	
(b) Leave and pension ..			(b) At 1/6th of pay.
12. 1. Residency Office ..	Approximately 2/7ths.	Nil	
2. Arabic Branch ..		Whole	
(b) Leave and pension ..			(b) At 1/6th of pay.
3. Confidential Section ..		3/4	
(b) Leave and pension ..			(b) At 1/6th of pay.
13A. Treasury..	1/35	No change.	
(b) Leave and pension ..			(b) At 1/6th of pay of Clerks and 1/16th of pay of menials.
— Leave Salary	1/8	No change.	The India Office have been asked for the reason of the charge of 1/8th to "Political" in view of the charge of only 1/35th above.
14. Conveyance Allowance ..	Divided in proportion to totals of Assistant Residents.		It is suggested that the same allocation be accepted as in 15, viz., the allocation be the same as that of the pay of the official concerned.
15. Travelling Allowance of of Political Officers and Sumptuary Allowance of Resident.	Divided in proportion of totals of Assistant Residents.	Divided in the same manner as the pay of the Official concerned.	
16. Travelling, Residency and Treasury establishments	1/3	No change.	The India Office have been asked for the reason of the charge of 1/3rd to "Political" in view of the charge under 12 and 13A of only 1/35th in respect of the Treasury and "nil" in respect of the Residency.
17. Passage Concessions to Residency and Treasury establishments ..	1/3	No change.	
18. House Rent Superintendent Confidential Clerk.	Unsettled but approximately 1/6th provisionally.	1/4 / 3/4	Divided in same proportions as the pay of the Offices.
21. Contract Contingencies ..	Unsettled but 1/4 provisionally.	Still under consideration. 1/4 accepted provisionally.	The India Office have been asked to obtain the Resident's recommendations regarding this allocation.

C. 69274/29 [No. 55].

No. 59.

TREASURY to COLONIAL OFFICE.

(S. 21238/02.)

SIR, Treasury Chambers, 26th November, 1929.

WITH reference to Mr. Cowell's letter of the 9th October, 1929,* forwarding a copy of a letter with enclosures, which has been received from the India Office regarding certain items of expenditure, the allocation of which has been the subject of correspondence between the Colonial Office, the India Office, and this Department, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform Lord Passfield that They concur in the terms of his proposed letter in reply.

I am, &c.,
R. V. NIND HOPKINS

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* No. 58.

(v) **Judicial.**

C. 59288/28 [No. 6].

No. 60.

THE SECRETARY OF STATE to THE ACTING RESIDENT.

[*Answered by No.* 61.]

(Confidential A.)

SIR, Downing Street, 29th September, 1928.

I HAVE the honour to address you on the subject of the exercise of jurisdiction in the Aden Protectorate.

2. I understand that the jurisdiction exercised by His Majesty in the Aden Protectorate has been exercised through the Governor-General of India in Council. It appears that this jurisdiction has not been thoroughly formulated or defined. The Government of India had, I understand, no wish to interfere with or undermine in any way the influence, responsibility, and authority of the tribal chiefs or to disturb the practice under which they were ordinarily required to deal with tribesmen who committed offences for which it was necessary that reparation should be exacted or punishment meted out. Nevertheless, the Government of India deemed it advisable that political officers in the Aden Protectorate should be invested with general powers of criminal jurisdiction to give their proceedings the authority of the Government of India, and to enable officers in charge of prisoners in British India to give effect to sentences of imprisonment which might be passed by the political officers outside the limits of British territory. The Government of India had no intention to initiate or authorise a wider or stricter control of the tribesmen than was previously exercised, but experience had shown the advantage of arming political officers with powers which they could use at their discretion, and provisions for the exercise of jurisdiction were made by the Governor-General in Council in Orders dated the 1st of February, 1907, issued as Foreign Department Notification No. 368 E.B. and printed in Macpherson's *British Enactments*, Volume IV, pages 400-402.

3. Paragraph 1 of Part II of these Orders provides that—

> "The Political Resident and, with the sanction of the Political Resident in writing, the Assistant Resident for the time being at Aden, shall exercise the powers of District Magistrates and Sessions Judges as described in the Code of Criminal Procedure, 1898, and of Deputy Commissioners or Sessions Judges under the Frontier Murderous Outrages Regulation, 1901, as applied by this notification."

Paragraph 3 provides that—

> "The Political Resident and Assistant Residents for the time being at Aden are hereby appointed to be Justices of the Peace within the Aden Protectorate."

But the Orders provide that if, in any case in which the complainant (if any) and the accused person or all the accused persons are not British subjects, the Court deems it expedient for political reasons to decline to exercise the power so conferred on it, it shall be within the discretion of the Court to do so, and the Government of India suggested that the Resident and his Assistant should, as a matter of practice, refuse to exercise the powers conferred in a case where neither of the parties was a British subject, unless it could not be satisfactorily disposed of by local or tribal custom. Apparently, the only provision in the treaties with the tribes of the Protectorate in regard to the exercise of jurisdiction in the Protectorate is that contained in Article 3 of the Abdali Treaty of 1849, which provides for the trial in Aden of cases in which British subjects are concerned.

4. You will, no doubt, agree that it is not necessary or desirable to disturb the existing arrangements until experience has been obtained of the new regime. But it is for consideration whether steps should be taken to confer judicial powers within the Protectorate upon the Protectorate Secretary and political officers who may be appointed to deal with Protectorate affairs. I should be glad to have your views on this point, and to learn whether any special measures are necessary to enable you to give these powers to the officers concerned. I presume that, although he is an officer of the British Government, the Protectorate Secretary will, by virtue of his title of Second Assistant Resident, be a Justice of the Peace within the Aden Protectorate

under paragraph 3 of the Foreign Department Notification of the 1st of February, 1907. But if the Notification is correctly reproduced in Macpherson's *British Enactments*, it seems doubtful whether under paragraph 1 of the Notification, which speaks of "the Assistant Resident for the time being at Aden," the Second Assistant Resident could, with the sanction of the Resident in writing, exercise the powers of District Magistrate and Sessions Judge.

I have, &c.,
L. S. AMERY.

C. 59288/28 [No. 8].

No 61.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 19th November, 1928.)

(Confidential.)
(No. 205.)

SIR, Residency Office, Aden, 6th November, 1928.

I HAVE the honour to refer to your despatch, Confidential A, dated the 29th of September,* on the exercise of jurisdiction in the Aden Protectorate and to forward the copy of a note on this subject by J. T. Lawrence, Esquire, I.C.S., the Judicial Assistant.

2 I agree with his conclusion that existing provisions for jurisdiction in this Protectorate appear to be adequate. I foresee no circumstances in which the Protectorate Secretary—unless acting as First Assistant, when the requisite powers will presumably devolve on him—would require to exercise for the Protectorate magisterial powers exceeding those of a First Class Magistrate. In Mr. Lawrence's opinion he is already vested with these powers as Second Assistant to the Resident, but I do not think that paragraph 3 of the orders dated the 1st of February, 1907, can apply to the new appointment of a Political Officer (or District Inspector) who might require to exercise magisterial powers of arrest, &c., in the Protectorate in certain circumstances.

3 As soon therefore as Lieutenant-Colonel Lake or another takes up this appointment I propose to raise the question with the Government of Bombay to whom, meanwhile, I have transmitted a copy of this correspondence

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

Enclosure in No. 61.

NOTE.

Returned with compliments.

The legal position re jurisdiction in Protectorates generally appears to be as follows:—

The Crown has acquired jurisdiction over British subjects, and in some cases over foreigners by treaty, capitulation, grant, usage, sufferance, and other lawful means (*vide* preamble to Foreign Jurisdiction Act, 1890, 53 and 54 Vict. C. 37). I quote Halsbury, Volume 6, page 448, footnote O in extenso.

> "Jurisdiction over foreigners is not generally claimed and exercised by the Crown, even in British Protectorates, without the consent of the foreigner and of his Government. This principle is based upon the theory that the jurisdiction so exercised is delegated by the Government of the country in which it is exercised: at the Berlin Conference of 1884-5 England did not acquiesce in the general views of the various other European countries as to the unlimited jurisdiction over subjects and foreigners which is claimed and exercised by them in their protectorates. But by assenting to the General Act of the Brussels Conference of 1890 as to African protectorates, England has apparently acquiesced in the extension of jurisdiction to foreigners at least with regard to Africa."

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* No. 60.

Apparently Article 3 of the Abdali Treaty of 1849 provides for the trial in Aden of Protectorate cases in which British subjects are concerned.

The Acts relating to Foreign Jurisdiction were consolidated in 53 and 54 Vict. C. 37. By Section 2 where a foreign country is not subject to any Government from whom the Crown might obtain jurisdiction in any of the above-mentioned ways, jurisdiction has been conferred upon the Crown over British subjects for the time being resident in or resorting to that country. The jurisdiction so vested in the Crown is exercised by means of courts established in the foreign countries by Order in Council. Important provisions of the Act are as follows:—

(1) Power to send persons charged with offences for trial to a British Possession.
(2) Provision as to place of punishment of persons convicted.
(3) Power to assign jurisdiction to British Courts. Specific powers are conferred and provisions made by Order in Council.

An Order in Council, called the Indian (Foreign Jurisdiction) Order in Council, was issued in 1902. The important provisions of this Order in Council are as follows:—

Paragraph 2. "The limits of this Order are the territories of India outside British India and other territories which may be declared by His Majesty in Council to be territories in which jurisdiction is exercised by or on behalf of His Majesty through the Governor-General of India in Council . . . . ."

Paragraph 3. The Governor-General in Council is authorised to exercise the power and jurisdiction which His Majesty has and to delegate such power and jurisdiction.

Paragraph 4. The Governor-General in Council is authorised to make rules and orders

(1) for determining the law and procedure to be observed;
(2) for determining the persons to exercise jurisdiction;
(3) for determining Courts, &c., in British India which are to exercise jurisdiction, auxiliary, or incidental to, or consequential on the jurisdiction exercised under the Order;
(4) for regulating the amount, collection, and application of fees.

Paragraph 5 confirms previous appointments, &c.

The important orders issued by the Governor-General in Council in respect of jurisdiction in the Aden Protectorate are set forth in the letter received from the Secretary of State for the Colonies.

The Acts in force in the Aden Protectorate are—

(1) Indian Penal Code XLV of 1860.
(2) Indian Code of Criminal Procedure V of 1898.
(3) Frontier Murderous Outrages Regulation (IV of 1901).
(4) Aden Arms (Sea Traffic) Regulation, 1910.
(5) The Indian (Foreign Jurisdiction) Order in Council, 1902.
(6) Certain orders under the Sea Customs Act.

Certain modifications of the Code of Criminal Procedure as applicable in the Protectorate are made and the Courts are expressly allowed a certain unusual but limited freedom as regards construction of the provisions of any enactment.

No pleader can of right appear in such cases.

So far as the law to be applied by the Courts is concerned, I am not aware that any change is at present necessary.

It would appear that the Political Resident and the First Assistant Resident may exercise the powers of District Magistrates and Sessions Judges within the Protectorate.

The Political Resident and all his Assistants are Justices of Peace. This means that they can exercise the powers of a First Class Magistrate in respect of arrest, &c.

European British subjects charged either alone or jointly with others in respect of an offence punishable with death have to be committed to the High Court, Bombay.

The orders contemplate the existence of jurisdiction over persons who are not British subjects. Hall, in *Foreign Jurisdiction*, pages 221 *et seq.* says, "Section 2 of 53 and 54 Vict. C. 37 should not afford a valid argument by a foreigner in respect of a plea of want of jurisdiction in a Protectorate Court, since foreign nations themselves claim and exercise jurisdiction over foreigners in their Protectorates."

The position seems clear enough, and the provisions re jurisdiction in the Protectorate adequate. The question of exercising that jurisdiction in respect of persons other than British subjects is chiefly Political, and I am not competent to express an opinion on the matter.

It appears to me that the Protectorate Secretary is by virtue of his being Second Assistant Resident a Justice of the Peace for the Protectorate. But he is not a District Magistrate or Sessions Judge. I doubt whether it would be advisable to appoint him as such until he knows something about Indian Criminal Law. But assuming that knowledge I see no objection to such appointment.

J. T. LAWRENCE.

2nd November, 1928.

There is one further point under Section 188 of the Criminal Procedure Code.

"When a native Indian subject of His Majesty commits an offence at any place without and beyond the limits of British India, he may be dealt with in respect of such offence as if it had been committed at any place within British India at which he may be found."

Last year a sepoy who committed an unnatural offence at Habil was tried by the Magistrate at Sheikh Othman after the unit to which he belonged had arrived there.

The same section also provides safeguards against such an offender being dealt with more than once in respect of the same offence, *e.g.*, before the case is tried in British India a certificate of the Political Agent to the effect that in his opinion the charge ought to be inquired into in British India.

J. T. LAWRENCE,
Judicial Assistant Resident.

4th November, 1928.

(vi) Intelligence.

C. 59330/28 [No. 1].

No. 62.

THE ACTING POLITICAL RESIDENT to THE SECRETARY OF STATE.

(Received 4th July, 1928.)

(No 103.)

SIR

Residency Office, Aden, 21st June, 1928.

I HAVE the honour to enclose for your information a copy of a letter from me to Headquarters, British Forces, Aden, on the subject of Local Intelligence.

2. Headquarters agreed to my suggestions, and appointed Flight Lieutenant Rickards, Intelligence Officer, as their representative on the "Bureau." The latter sees all reports, questions agents, and keeps me informed of any special areas regarding which headquarters require special information.

3. The system, in my opinion, is working well, but if the Air Authorities—as I pointed out in my memorandum to them—wish at any time to start an Intelligence Organisation of their own, they can always do so.

I have, &c.,
T. C. W. FOWLE,
Acting Political Resident, Aden

Enclosure in No. 62.

(Secret.)

Residency Office, Aden, 31st May, 1928.

Memorandum regarding Local Intelligence.

Reference our conversation on the above subject. The Local Intelligence Organisation is under the direction of the First Assistant Resident, who is responsible to the Resident for its efficiency. The reason of this is that it is the political authorities here who have the two first desiderata for intelligence work: adequate staff (in the shape of the Residency Arabic Office), and adequate funds—Secret Service grants from the Colonial Office and the Indian Government. The First Assistant Resident, too, is in constant communication with the Protectorate Sheikhs. One of the obligations of the latter is to provide him with information, and if they fail to do this pressure can be brought to bear. The First Assistant Resident is also in touch with Yemen, for the British relations with which this Residency is responsible.

2. Air Headquarters, on the other hand, have at present neither Intelligence Funds nor local interpreters. They are, however, vitally interested in obtaining accurate and punctual intelligence. Our aim is to devise a scheme which will meet our combined requirements.

3. It is, I venture to give as my opinion, unnecessary to form a local separate Military Air Intelligence Organisation. The areas concerned are mostly tribal, where the comparatively primitive armament of the forces likely to be arrayed against us does not necessitate a special department employing special types of agents, such as may be necessary when dealing with more civilised potential enemies. It is impossible, too, in these areas to draw a sharp line between military and political intelligence. The general attitude of a certain tribe, the number of rifles it can put into the field, and its relations with the Zeidis, are all—for instance—subjects both of political and military importance.

4. The formation of a separate Military Organisation, in addition to being unnecessary, would also entail certain disadvantages. First of all extra expenditure for the new Organisation. The Political Organisation, too, would have to be kept on, and there would thus be two departments working over the same areas. This would lead to overlapping, and—as my experience goes in other Eastern theatres—to unhealthy rivalry between political and military agents who, instead of concentrating on their work of providing reliable information, would spend a good deal of their time in intriguing against each other. As far as Yemen is concerned, the placing of one reliable agent in any centre is a matter of some delicacy. The placing of two, one political and one military, would add considerably to the difficulties of the task.

5. Taking all these points into consideration the best solution seems to be to run the Local Intelligence on the " Bureau " system. This system is in force in various other places, Baluchistan for example, and has—I believe—been found to work well. As far as Aden is concerned it would mean leaving the general direction of Intelligence, military as well as political, in the hands of the First Assistant Resident under the Resident. Air Headquarters would be represented on the " Bureau " by any officers they liked to detail, whose work would be to assist the First Assistant Resident on the military side of his Intelligence work, and keep him advised as to military requirements. It is possible that on the arrival of the new Resident an officer of the Colonial Service may be appointed to take over that part of the local administration, *i.e.*, Protectorate affairs, for which the Colonial Office is responsible, in which case presumably this officer will take over Intelligence. But the general principle will remain the same.

6. The " Bureau " system is, as a matter of fact, that which has been followed in practice here up to date, if not laid down as such in so many words, and has proved satisfactory. In the case of " Notes on the Zeidi Army," prepared by this office, for example. Brigade Headquarters assisted in the technical military portions of that report (see Residency Office No. C-341, dated 14th July, 1927). During the recent hostilities with the Imam, copies of all intelligence received were handed on to Brigade Headquarters, who made their own appreciations of the situation, besides questioning agents, &c.

7. I think that a system on the above lines is at any rate worth a trial. If later for any reason Air Headquarters wished to start an Intelligence Organisation of their own they could always do so.

T. C. W. FOWLE,
Acting Political Resident, Aden.

The Air Staff Officer,
Headquarters,
British Forces, Aden.

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2. ESTABLISHMENTS AND EMOLUMENTS.

(i) The Resident.

C. 59270/28 [No. 5] [No. 6].

No. 63.

COLONIAL OFFICE to [INDIA OFFICE] [TREASURY].

[*Answered by Nos.* 64 and 67.]

SIR, Downing Street, 4th February, 1928.

I AM directed to request you to inform the [Earl of Birkenhead] [Lords Commissioners of His Majesty's Treasury] that, as the present Resident in Aden, Major-General Sir J. H. K. Stewart, will retire at the end of March next, it is necessary

to determine with the least possible delay the conditions under which a successor may be appointed.

2. The matter was discussed at meetings of the Standing Committee on Aden on the 26th and 31st January* [and has formed the subject of correspondence ending with your letter of the 23rd of January†] [and correspondence,‡ copies of which are enclosed, has passed between the India Office and the Colonial Office upon certain aspects of the question of the appointment of a new Governor or Resident]. The question of the exact powers and responsibility of the Governor or Resident in relation to the Aden Settlement itself is evidently one that will require careful consideration, and it may not be possible to reach at an early date an agreement with the Indian Governments upon certain other questions raised in the correspondence referred to; but the Secretary of State proposes to proceed on the assumption that the first appointment to be made under the new system will be that of an officer with experience in the Colonial Service, and it is, for the reason stated above, important that a decision should be reached without delay in regard to the emoluments to be attached to the post.

3. The Secretary of State understands that Major-General Sir J. H. K. Stewart at present receives a salary of Rs. 36,000 a year, together with a sumptuary allowance of Rs. 6,000 a year, and that his salary is fixed rather with regard to his military rank than to his political and civil responsibilities. The new Governor, as titular Commander-in-Chief only, will be relieved of the military duties and responsibilities which have hitherto fallen to the Resident at Aden; but, on the other hand, it is to be anticipated that he will be called upon to take a more active part in the affairs of the Protectorate, and that his responsibilities as regards the Settlement itself will be increased by the assimilation of his powers to those of the Commissioner of Sind as contemplated in [Mr. Wakely's] [India Office] letter of the 17th of November, 1927.§ The responsibilities attaching to the Governor of Aden in connection with Arab affairs, and the obligations thrown on him as Chief British representative at an important port of call are large and must be borne in mind in fixing the salary if an officer of the required standing is to be obtained.

4. It is a usual practice to pay to Colonial Governors either a duty allowance or an entertainment allowance which they draw so long as they are actually in charge of the Government. This allowance is paid to the Officer Administering the Government during the period of the Governor's absence, the former being thus compensated for the additional responsibilities and expenses which fall upon him while acting for the Governor. As the pay of the First Assistant Resident is Rs. 19,200 with overseas pay of £360 a year (or £1,800 a year in all), it is necessary to fix the Governor's salary at a higher rate than the First Assistant Resident's pay. The Secretary of State for the Colonies therefore proposes that the emoluments to be attached to the post of Governor should be £2,775 a year, of which £450 a year should be regarded as entertainment allowance. It is understood that the Resident is at present provided with quarters, and this arrangement will no doubt be continued in the case of the new Governor. It has been ascertained that the Resident is required to pay Rs. 84.49 a month as rent for these quarters, and has to pay for electric current consumed. The Secretary of State for the Colonies is of opinion that the Governor should not be required to pay any rent for quarters.

6. I am to inquire whether [Lord Birkenhead concurs] [Their Lordships concur] in the proposals regarding the emoluments of the new Governor.

7. A similar letter is being addressed to the [Treasury] [India Office], and a copy of this letter is being sent to the Air Ministry.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 17].

No. 64.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 10th February, 1928.

IN reply to Sir John Shuckburgh's letter dated 4th February,‖ I am directed by the Secretary of State for India to inform you that so far as this Office is concerned he has no criticism to make of the salary and entertainment allowance proposed to

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* Nos. 1 and 2. † No. 37. ‡ Nos. 22 and 37. § No. 26. ‖ No. 63.

be paid to the Resident or Governor at Aden under the new system when that officer is found from the Colonial Service. On a minor point of detail, I am to observe that, while the pay of the First Assistant Resident is at the moment that stated in paragraph 4 of the Colonial Office letter under reply, the rate in question is not a fixed rate, and will vary with the seniority of the incumbent of the post. The late First Assistant, Major Reilly, was, on the one hand, in receipt, on vacating, of Rs. 2,200 plus £30 per mensem, while it is possible on the other hand that future incumbents will on occasion on appointment be in receipt of a lower rate than the present occupant of the post.

2. With reference to paragraph 5 of the Colonial Office letter under reply, I am to say that the Resident is at present provided with an official residence and that there has been no question, so far as Lord Birkenhead is aware, of discontinuing this arrangement. The Government of India are being asked for their views on the question of the payment of rent and a further communication regarding it will be made to you at a later date.

3. The Government of India have already been asked by cable for their views on the rate of pay to be fixed for the post of Resident or Governor when held by an Indian Service Officer and a further communication on the subject will be made to you in due course.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [No. 12].

No. 65.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 86.]

SIR, Downing Street, 13th February, 1928.

WITH reference to the letter from this Department of the 4th of February,* respecting the emoluments to be assigned to the new Governor or Resident of Aden, I am directed by Mr. Secretary Amery to inform you that he has had under consideration the arrangements to be made in regard to the pension of this officer.

2. The matter has been considered by the Standing Aden Committee who decided to recommend that if any Governor or Resident appointed under the new arrangements is an officer from the Indian Services, the Government of India alone should make provision for his pension in respect of his service as Governor or Resident and that, where an officer from outside the Indian Services was appointed as Governor or Resident the British Government should make the necessary provision.

3. I am to inquire whether the Earl of Birkenhead concurs in these arrangements.

4. A copy of a letter† which is being addressed to the Treasury is enclosed.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 13].

No. 66.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 70.]

SIR, Downing Street, 13th February, 1928.

WITH reference to the letter from this Department of the 4th of February,* respecting the emoluments to be assigned to the new Governor or Resident of Aden, I am directed by Mr. Secretary Amery to inform you that he has had under consideration the arrangements to be made in regard to the pension of this officer.

2. The matter has been considered by the Standing Aden Committee, who decided to recommend that if any Governor or Resident appointed under the new arrangements is an officer from the Indian Services, the Government of India alone should make provision for his pension in respect of his services as Governor or

* No. 63. † No. 66.

Resident; and that, where an Officer from outside the Indian Services is appointed as Governor or Resident, the British Government should make the necessary provision.

3. The Secretary of State is advised that, in order that there may be no question as to whether he has power under the Pensions (Governors of Dominions, &c.) Acts to grant a pension to the Governor of Aden appointed under the new arrangements, it should definitely be provided in the Acts that the expression "British Protectorate" includes the Aden Protectorate, and I am to suggest that a provision in this sense should be inserted in the amending Bill which is now under consideration. The Secretary of State is advised that it is not necessary to provide in the Pensions Acts that the Secretary of State shall not grant a pension to the Governor of Aden if he is appointed from the Indian Services, and that it is only necessary to enter into an arrangement with the Government of India to the effect that in such a case the pension will be met from Indian funds, and that the officers concerned shall be so informed on appointment.

4. I am to request to be informed whether the Lords Commissioners of His Majesty's Treasury agree with the foregoing proposals. If so, the Secretary of State would suggest that the post should be regarded as falling within Class III for the purposes of Section 2 of the Act of 1911 and any amendment thereof.

5. A copy of a letter* which is being addressed to the India Office is enclosed.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 19].

No. 67.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 69.]

(E. 19172.)

SIR, Treasury Chambers, 17th February, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir J. Shuckburgh's letter of the 4th instant,† relative to the emoluments to be assigned to the post of Governor or Resident in Aden on the forthcoming vacancy.

My Lords note that it is proposed to proceed on the assumption that the first appointment to be made under the new system will be that of an officer with experience in the Colonial Service.

In reply I am to request you to inform the Secretary of State for the Colonies that They do not consider that in these circumstances any regard need be paid to the emoluments which have been granted in the past when it was necessary to attract an officer from the service of the Government of India. They infer that this is also the view of the Secretary of State.

Their Lordships share his view that the Governor's emoluments should be fixed at a higher level than those of the First Resident, but the figure of £2,775 suggested appears to Them to throw a needlessly heavy charge on the taxpayer, and to be high relatively to the salaries paid in the smaller Colonies.

Having regard to the responsibilities and liabilities of the post, They do not consider that the total emoluments should exceed £2,500 per annum, of which They would suggest that £250 per annum should be regarded as entertainment allowance, and transferred during the Governor's absence to the officer who acts in his stead.

They note that the Secretary of State considers that the Governor should also not be required to pay rent for quarters, of a present rental value of Rs. 84.49 a month; They would agree to this emolument in addition to those mentioned above.

I am, &c.,
R. R. SCOTT.

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* No. 65. † No. 63.

C. 59270/28 [No. 21].

No. 68.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 71.]

SIR, Downing Street, 23rd February, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 10th of February* in regard to arrangements to be made consequent on the Cabinet decision as to the future of Aden.

2. The Cabinet decision in question provided that the new Resident or Governor should be appointed by the British Government with the concurrence of the Government of India. The Secretary of State is prepared to consult the Government of India on each occasion and to consider any suitable names which the Secretary of State for India may desire to bring to his notice, but he is unable to acquiesce in the Earl of Birkenhead's proposal that officers from the Indian and Colonial Services should normally alternate in the post of Resident.

3. Mr. Amery is prepared to agree that the new officer should be styled "Resident and Commander-in-Chief"—not "Governor and Commander-in-Chief," as it is understood that the title of "Governor" would not be acceptable to the Government of India, in view of the fact that the officer in question will, as regards the civil affairs of the Settlement of Aden, be subordinate to the Governor of Bombay.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 22].

No. 69.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 74.]

SIR, Downing Street, 23rd February, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter E. 19172 of the 17th of February† regarding the emoluments to be assigned to the post of Governor or Resident in Aden.

2. As stated in Colonial Office letter of the 4th of February,‡ the present Resident receives a sumptuary or entertainment allowance of Rs. 6,000 per annum. The amount of this allowance can only be regarded as sufficient to reimburse the Resident for the entertainment which he is required to provide and cannot be regarded as an occasion of profit. The allowance will, moreover, be drawn by the First Assistant Resident whilst the Resident is absent from his post and, as it is proposed that the First Assistant Resident should be an officer of the Indian Service, it seems undesirable to disturb the arrangements made with regard to the amount of the entertainment allowance. The Secretary of State understands from your letter that the Lords Commissioners of the Treasury consider that the amount of the salary of the new Resident should be £2,250 per annum and the Secretary of State agrees with this view.

3. I am therefore to request that Their Lordships may be moved to agree that the emoluments to be attached to the post of Resident in Aden on the forthcoming vacancy may be fixed at Rs. 30,000 (£2,250) per annum salary and Rs. 6,000 (£450) per annum entertainment allowance.

I am, &c.,
J. E. SHUCKBURGH.

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* No. 39. † No. 67. ‡ No. 63.

C. 59270/28 [No. 26].

No. 70.

TREASURY to COLONIAL OFFICE.

(P. 66825.)

SIR, Treasury Chambers, 28th February, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Sir J. Shuckburgh's letter of the 13th instant* relative to the position as regards pension of future Governors or Residents of Aden.

In reply I am to request you to inform Mr. Secretary Amery that My Lords concur in the arrangement proposed, under which the British Government will be responsible only for the pensions of Governors or Residents appointed as such from outside the Indian Services.

They have accordingly given instructions for a provision to be inserted in the amending bill now under consideration that for the purposes of the Pensions (Governors of Dominions, &c.) Acts the expression "British Protectorate" includes the Aden Protectorate. My Lords agree that the case of officers appointed from the Indian services can be dealt with by agreement with the Government of India as proposed.

My Lords also agree that Aden should be classified as a Third Class Governorship.

A copy of this letter has been sent to the India Office.

I am, &c.,
R. R. SCOTT.

C. 59270/28 [No. 31].

No. 71.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 1st March, 1928.

IN reply to paragraph 3 of Sir John Shuckburgh's letter of the 23rd February,† I am directed by the Secretary of State for India to inform you that he agrees that the chief authority at Aden under the new system shall be styled Resident and Commander-in-Chief, and that he is causing the Government of India to be informed accordingly.

2. The question raised in the second paragraph of the same letter is being dealt with separately.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [No. 27].

No. 72.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 81.]

SIR, Downing Street, 2nd March, 1928.

WITH reference to your letter No. P. 66825 of the 28th of February‡ regarding the arrangements to be made in respect of the pension of the new Resident in Aden, I am directed by Mr. Secretary Amery to request you to inform the Lords Commissioners of the Treasury that the question has been raised whether the cost to the British Government of the pension of the Resident will be taken into account in fixing the amount of the contribution to be made by the Government of India towards the cost of Aden after the preliminary period of three years.

2. Their Lordships will recall that it was decided that the Government of India should contribute a sum of £250,000 towards the political and military charges of Aden for each of the three years from the 1st of April, 1927, to the 31st of March, 1930, and that thereafter the amount of the contribution should be £150,000 or one-third of the total cost, whichever is the less.

3. Mr. Amery presumes that the cost of the pension of the Resident, when made from British funds, will not be included in the total cost of Aden for the purposes of

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* No. 66. † No. 68. ‡ No. 70.

determining the contribution to be made by the Government of India, and that the Government of India may be informed accordingly.

4. I am to inquire whether Their Lordships agree with this view.

5. A copy of this letter is being sent to the India Office.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 28].

No. 73.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 77.]

SIR, Downing Street, 2nd March, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 27th of February,* regarding the emoluments to be assigned to the post of Resident in Aden on the forthcoming vacancy and to address you on the question of the term of office of the new Resident.

2. This matter was discussed at the third meeting of the Standing Aden Committee† when it was explained that the normal term for Colonial Governors was 6 years. It is, however, understood that the Secretary of State for India would be reluctant to agree to a term of 6 years in the case of the Resident in Aden and I am to suggest that the term should be fixed at 5 years.

3. I am to inquire whether the Earl of Birkenhead agrees.

4. A copy of this letter is being sent to the Treasury.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 32].

No. 74.

TREASURY to COLONIAL OFFICE.

(E. 19172.)

SIR, Treasury Chambers, 5th March, 1928.

IN reply to Sir J. Shuckburgh's letter of the 23rd ultimo,‡ regarding the emoluments to be assigned to post of Resident at Aden, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform Mr. Secretary Amery that in deference to his representations They agree that the emoluments should be fixed on the forthcoming vacancy at a salary of 30,000 rupees per annum plus 6,000 rupees per annum entertainment allowance.

I am, &c.,
R. R. SCOTT.

C. 59270/28 [Nos. 38 and 39].

No. 75.

COLONIAL OFFICE to [TREASURY] [INDIA OFFICE].

[*Answered by Nos.* 78 and 83.]

SIR, Downing Street, 14th March, 1928.

I AM directed by Mr. Secretary Amery to refer to the correspondence ending with your letter [No. E. 19172 of the 5th of March§] [of the 1st March‖] in regard to the conditions of service under which the new Resident in Aden is to be appointed, and to inform you that the question of the amount of the passage allowance to be paid to the new Resident has been under the consideration of the Standing Aden Committee.

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* C. 59270/28 [No. 23]: not printed. † No. 3. ‡ No. 69. § No. 74. ‖ No. 71.

2. Under Colonial Regulations No. 110 and following, an allowance is granted from British funds to Governors, including all Officers Administering Governments where appointed for the usual term, for their passages from this country. The amount of this allowance varies in different dependencies, and is intended, generally speaking, to cover the cost of the Governor's passage and the passage of his family and personal staff and to reimburse him to some extent for the cost of outfit. The same amount of passage allowance is granted to the Governor on retiring at the expiration of his term of office or on being transferred to another appointment. If, however, he returns on leave of absence or is relieved at his own request, before the expiration of his term of office, he is required to provide his own passage.

3. After consideration of this matter, the Standing Aden Committee came to the conclusion that the amount of the passage allowance of the Resident of Aden should be fixed at £250, with the usual temporary addition which is at present 50 per cent., and that this charge should be shared equally by the British and Indian Governments.

4. I am to inquire whether the [Lords Commissioners of the Treasury agree] [Earl of Birkenhead agrees] to the payment of an allowance on the scale proposed and that the cost should be divided between the British Government and the Government of India.

5. A similar letter is being addressed to [India Office] [Treasury].

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 46].

No. 76.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 88.]

SIR, India Office, Whitehall, London, S.W.1, 15th March, 1928.

WITH further reference to Sir John Shuckburgh's letter of the 4th February,* I am directed by the Secretary of State for India to inform you that the Government of India, in agreement with the Government of Bombay, now recommend that the pay to be fixed for an Indian Service officer appointed to be Resident at Aden should be that of a Resident of the Second Class in the Indian Political Department, viz., Rs. 3,000 per mensem plus overseas pay of £13 6s. 8d. per mensem. In addition the Government of India recommend that he should, as at present, draw Rs. 500 per mensem as sumptuary allowance, and be exempted from payment of house rent, lighting and sanitary charges aggregating Rs. 168 per mensem.

2. The proposals of the Government of India for the salary of the Resident are, in Lord Birkenhead's view, reasonable. The status of Aden is, by Indian standards, that of a Second Class Residency, and His Lordship understands that it is probable that it would some time ago have been so graded in the Indian Political Department had not the appointment of Resident been restricted to officers of the Indian Army. The responsibilities which will be discharged by the Resident under the new system are generally comparable with those discharged by Second Class Residents in the Indian Political Department and in these circumstances Lord Birkenhead considers that a salary such as that now recommended by the Government of India must be given if officers of the calibre desired are to be secured for this post. His Lordship recognises that a not inconsiderable difference will, under the arrangements proposed, exist between the emoluments of a British and the emoluments of an Indian Service Resident, but, in his view, such a disparity is inevitable having regard to the different levels of salary in the Colonial and the Indian Services.

3. The amount of the sumptuary allowance proposed to be given to an Indian Service Resident is that which has, for many years, been attached to the post when held by a Major-General of the Indian Army, and which has recently been accepted as suitable by the Treasury in the case of a British Service incumbent of the appointment.

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* No. 63.

4. Mr. Amery, in paragraph 5 of Sir John Shuckburgh's letter to which reference is made above, expressed the opinion that the Resident at Aden should not in future be required to pay any rent for his quarters. Lord Birkenhead accepts the view of the Government of India on this question and has no objection to the acceptance of their further proposal that the Resident should, in addition, be exempted from payment of lighting and sanitary charges. The aggregate financial effect of these concessions will be to relieve the Resident of approximately Rs. 168 per mensem in all.

5. I am to request that the Secretary of State may be informed whether the Colonial Office and the Treasury concur in the proposals set out above for the emoluments of the Resident, when found from the Indian Service. The expenditure involved will fall to be divided equally between Indian and Imperial revenues.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [No. 59].

No. 77.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 21st March, 1928.

IN reply to Sir John Shuckburgh's letter of the 2nd March,* I am directed by the Secretary of State for India to inform you that he agrees that the term of office to be fixed in the case of the Resident at Aden should be five years.

A copy of this letter is being sent to the Government of India.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [No. 58.]

No. 78.

TREASURY to COLONIAL OFFICE.

(E. 19172.)

SIR, Treasury Chambers, 22nd March, 1928.

IN reply to Sir J. Shuckburgh's letter of the 14th instant† relative to the passage allowance of the Resident of Aden, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that They agree to the payment of an allowance on the scale proposed, viz., £250, together with the current addition, now 50 per cent.; the cost to be divided equally between the Imperial Government and the Government of India.

I am, &c.,
R. R. SCOTT.

C. 59270/28 [No. 54.]

No. 79.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 84.]

SIR, Downing Street, 23rd March, 1928.

WITH reference to Sir Russell Scott's letter No. E. 19172 of the 5th March,‡ regarding the emoluments to be assigned to the post of Resident at Aden, I am directed by Mr. Secretary Amery to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a letter§ from the India Office, recommending that the pay to be fixed for an Indian Service Officer appointed to be Resident at Aden should be that of a Resident of the Second Class in the Indian Political Department, viz., Rs. 3,000 per mensem, plus overseas pay of £13 6s. 8d. per mensem, in

* No. 73. † No. 75. ‡ No. 74. § No. 76.

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addition to a sumptuary allowance of Rs. 500 per mensem, and exemption from payment of house rent, lighting and sanitary charges.

2. Their Lordships will observe that these emoluments will be approximately £610 per annum in excess of those which have been decided upon in the case of a Resident appointed from outside the Indian Service; but as the amount must presumably be fixed in relation to the general standards of remuneration prevailing in the Indian services, Mr. Amery does not feel that he is in a position to offer opposition to the proposal. I am accordingly to suggest that Their Lordships should be invited to accept the recommendations of the Government of India in regard to the emoluments of the Resident when an Indian Service Officer; and to agree to exemption from payment of house rent, lighting and sanitary charges in the case of the Resident appointed from outside the Indian Service.

3. I am to add that a copy of this letter is being sent to the India Office.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 62].

No. 80.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 82.]

SIR, Downing Street, 3rd April, 1928.

WITH reference to the correspondence ending with the letter from this Department of the 23rd of February,* regarding the selection of the Resident at Aden, I am directed by Mr. Secretary Amery to request you to inform the Earl of Birkenhead that, as a result of the private correspondence which has since passed, he is prepared to accept the following arrangement of this matter.

2. While the arrangements for the administration of Aden and the supervision of the Aden Protectorate remain as laid down by the decision of the Cabinet of the 16th of December, 1926, the post of Resident and Commander-in-Chief of Aden will be filled, normally but not necessarily, by the selection of officers from the Colonial and Indian Services in alternation, it being understood that the Secretary of State responsible for the Service which normally has the prior claim will be ready to take carefully into consideration on its merits the name of any officer outside that Service who may be suggested by the Secretary of State responsible for the other Service. Should it happen on any occasion that two consecutive Residents are appointed from the same Service, the prior claim to the ensuing vacancy will be regarded as falling to the other Service.

3. I am to inquire whether Lord Birkenhead accepts this arrangement.

I am, &c.,
J. E. SHUCKBURGH.

C. 59270/28 [No. 65].

No 81.

TREASURY to COLONIAL OFFICE.

(E. 19172.)

SIR, Treasury Chambers, 3rd April, 1928.

IN reply to Sir J. Shuckburgh's letter of the 2nd ultimo,† I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that They agree that the cost of the pension of the Resident at Aden when made from British funds should not be included in the total cost of Aden for the purposes of determining the contribution to be made by the Government of India, and that the Government of India may be informed accordingly.

Similarly no account will be taken of any pension paid by the Government of India to a Resident appointed from the Indian Service.

* No. 68. † No. 72

Their Lordships' concurrence in this arrangement is given on the assumption that, generally speaking, the post of Resident will be filled by officers of the Indian Service, and officers from outside that Service, alternately.

I am, &c.,
R. V. NIND HOPKINS.

C. 59270/28 [No. 67].

No. 82.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 7th April, 1928.

IN reply to Sir John Shuckburgh's letter dated 3rd April,* relative to the selection of the Resident at Aden, I am directed by the Secretary of State for India to inform you that he accepts the arrangements now proposed in the matter by the Secretary of State for the Colonies.

The Government of India will be informed accordingly.

I am, &c.,
L. D. WAKELY.

C. 59270/28 [No. 73].

No. 83.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 90.]

SIR, India Office, Whitehall, London, S.W.1, 12th April, 1928.

IN reply to Sir John Shuckburgh's letter of the 14th March,† I am directed by the Secretary of State for India in Council to inform you that, in view of the Colonial practice in regard to the grant of passage allowance, he is prepared to accept the proposals made in paragraph 3 of the letter under reply, and to agree that the cost shall be divided between His Majesty's Government and the Government of India in the same way as the cost of the Resident's salary. His Lordship directs me to add that his concurrence in the arrangements in question is given on the understanding that His Majesty's Government will equally be prepared to share any corresponding grant which the Government of India may desire to make in the case of a Resident drawn from the Indian Service.

I am, &c.,
P. J. PATRICK.

C. 59270/28 [No. 74].

No. 84.

TREASURY to COLONIAL OFFICE.

(E. 19172.)

SIR, Treasury Chambers, 14th April, 1928.

IN reply to Sir J. Shuckburgh's letter of the 23rd ultimo‡ and its enclosed copy of a letter§ from the India Office, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that They accept the recommendations of the Government of India relative to the emoluments of officers from the Indian service who may be appointed to the post of Resident at Aden. They further agree that all appointees to this post may be exempted from the payment of house rent, lighting and sanitary charges.

I am, &c.,
H. E. FASS.

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* No. 80. † No. 75. ‡ No. 79. § No. 76.

C. 59270/28 [No. 70].

No. 85.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 16th April, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 17th of November* regarding the arrangements to be made in consequence of the decision to transfer to His Majesty's Government the control of political and military matters in Aden.

2. I am to request you to inform the Earl of Birkenhead that, in view of the considerations advanced in that letter, Mr. Amery does not wish to press his suggestion that the whole of the services in Aden should be brought under the control of the Resident, and that he is prepared to accept the proposals of the Government of India that the position of the Resident on the civil side should be assimilated generally to that of the Commissioner in Sind, and that certain Departments should remain under the control of the Government of India and the Government of Bombay.

2. The Earl of Birkenhead will, no doubt, invite the Government of India and the Government of Bombay to prepare a scheme for the delegation of civil powers to the Resident at Aden, if this has not already been done, since it is desirable that the new Resident at Aden should be aware of his exact position in this respect as early as possible.

I am, &c.,
J. E. SHUCKBURGH.

C 59270/28 [No. 75]

No. 86.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 24th April, 1928.

I AM directed by the Secretary of State for India to inform you that, after consideration of the question of the arrangements to be made in regard to the pension of the new Resident at Aden, he concurs in the proposals on the point made by the Standing Aden Committee as set out in Sir John Shuckburgh's letter of the 13th February.† Copy of a letter which has been addressed to the Government of India on the subject is enclosed.

A copy of this letter is being sent to the Treasury.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 86.

SIR, India Office, Whitehall, London, S.W.1, 26th April, 1928.

I am directed by the Secretary of State for India to forward, for the information of the Government of India, copy of the correspondence noted in the margin relative to the arrangements to be made in regard to the pension of the Resident at Aden under the new system. It will be observed that the effect of the arrangement now accepted will be that, in the case of a Resident who belongs to an Indian Service, the liability for his pension in respect of his service as Resident at Aden will fall entirely on Indian revenues, and that such an officer will have no claim in respect of such service to any pension or additional pension from Imperial revenues. The converse will apply in the case of an officer appointed to the post in question from outside the Indian Services.

From Colonial Office, dated 13th February.†
To Mr. Harding, C O., dated 16th February.‡
Treasury to C O., dated 28th February.§
C.O. to Treasury, dated 2nd March.‖
Treasury to C.O., dated 3rd April.¶

I am, &c.,
L. D. WAKELY.

The Secretary to the Government of India,
Foreign and Political Department.

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* No 26. † No. 65. ‡ C. 59270/28 [No. 25]: not printed. § No. 70. ‖ No. 72. ¶ No. 81.

C. 59270/28 [No. 80].

No. 87.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 89.]

SIR, Downing Street, 15th May, 1928.

I AM directed by Mr. Secretary Amery to refer to Sir Russell Scott's letter No. E. 19172 of the 22nd of March* regarding the grant of a passage allowance to the Resident at Aden, and to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a letter† from the India Office from which it will be observed that the Secretary of State for India is prepared to accept the proposed scale of payment and the arrangement for the division of the cost, provided that His Majesty's Government will equally be prepared to share any corresponding grant which the Government of India may desire to make in the case of a Resident drawn from the Indian Service.

2. Subject to Their Lordships' concurrence, Mr. Amery proposes to agree to the stipulation made, on the understanding that His Majesty's Government are consulted as to the amount of the allowance paid to an officer from the Indian Service.

I am, &c.,
A. J. HARDING.

C. 59270/28 [No. 81].

No. 88.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 15th May, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 24th of March‡ regarding the emoluments to be assigned to the post of Resident at Aden, and to transmit to you, for the information of the Earl of Birkenhead, the accompanying copy of a letter§ from the Treasury on the subject.

2. I am to say that Mr. Amery now accepts the proposals set forth in your letter of the 15th of March‖ for the emoluments of the Resident, when found from the Indian Service.

I am, &c.,
A. J. HARDING.

C. 59270/28 [No. 82].

No. 89.

TREASURY to COLONIAL OFFICE.

(E. 19172.)

SIR, Treasury Chambers, 22nd May, 1928.

IN reply to Mr. Harding's letter of the 15th instant¶ and its enclosed letter from the India Office relative to the passage allowance of the Resident of Aden, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that They agree that His Majesty's Government should share any grant that the Government of India may desire to make in the case of a Resident drawn from the Indian Service, provided that His Majesty's Government is consulted as to the amount of any allowance to be paid, and note that the Secretary of State for India is prepared in these circumstances to accept the proposed scale of payment to British appointed officers and the arrangement for the division of the cost.

I am, &c.,
R. R. SCOTT.

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* No. 78. † No. 83. ‡ C. 59270/28 [No. 57]: not printed. § No. 84. ‖ No. 76. ¶ No. 87.

C. 59270/28 [No. 83].

No. 90.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 2nd June, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 12th of April* on the subject of the passage allowance of the Resident at Aden, and to state that he notes that the Earl of Birkenhead is prepared to accept the proposal in paragraph 3 of Colonial Office letter of the 14th of March,† and to agree that the cost shall be divided between His Majesty's Government and the Government of India in the same way as the cost of the Resident's salary.

2. I am to add that after consultation with the Lords Commissioners of the Treasury Mr. Amery agrees that His Majesty's Government should share any passage grant that the Government of India may make in the case of a Resident drawn from the Indian Service, provided that His Majesty's Government is consulted as to the amount of any allowance to be paid.

I am, &c.,
H. BECKETT.

C. 59270/28 [No. 116].

No 91.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 68.)

SIR, Downing Street, 31st August, 1928.

I HAVE the honour to refer to the last paragraph of my despatch No. 67 of the 31st of August,‡ and to state for your information, that it has been decided that the arrangements set out in the following paragraphs shall apply in regard to the pension of the Resident and Commander-in-Chief of Aden as from the date of your appointment to that office.

2. In the case of a Resident appointed from one of the Indian Services, the Government of India alone shall make provision for his pension in respect of his services at Aden, and similarly, in the case of a Resident appointed from outside the Indian Service, provision for pension shall be made by the British Government. The effect of this arrangement is that in the case of a Resident belonging to an Indian Service, the liability for his pension in respect of his services as Resident will fall entirely on Indian Revenues, and the officer will have no claim in respect of such service to any pension or additional pension from British funds. The converse will apply in the case of an officer appointed from outside the Indian Services. Steps are being taken to amend the Pensions (Governors of Dominions, &c.), Acts so as to ensure that the Secretary of State for the Colonies is empowered to grant a pension to the Resident of Aden. For the purpose of Section 2 of the Act of 1911 and any amendment thereof, the post of Resident and Commander-in-Chief of Aden will be regarded as falling within Class III.

3. It has been further agreed that the cost to the British Government of the pension of a Resident appointed from outside the Indian Services will not be taken into account in fixing the amount of the contribution to be made by the Government of India towards the cost of military and political expenditure in connection with Aden as from the 1st of April, 1930. Similarly, no account will be taken of any pension paid by the Government of India to a Resident appointed from an Indian Service. In this connection reference is invited to paragraph 4 of my despatch No. 20 of the 17th of March, 1927,§ containing the decision in regard to the contribution to be made by the Government of India, referred to above, as from the 1st of April, 1927.

4. As you are aware, your emoluments as Resident and Commander-in-Chief of Aden under the new regime are as follows, viz.: Pay at the rate of Rs. 30,000 per annum. An entertainment allowance at the rate of Rs. 6,000 per annum will be payable to the Resident whilst actually in charge of the Government, and, in his absence, to the Acting Resident. The Resident will, in addition, be exempt from the payment of house rent, lighting and sanitary charges. On first appointment, a passage allowance at the rate of £250, plus a temporary addition (at present fixed at

* No. 83. † No. 75 ‡ No. 45. § No. 21.

50 per cent.) is paid. This allowance is intended to cover the cost of the passage for the Resident and for his family and personal staff, and to reimburse him to some extent for the cost of outfit. If the Resident proceeds on leave of absence or is relieved at his own request before the expiration of his term of office, he is required to provide his own passage. The rate of the passage allowance, which has been fixed to cover the case of a Resident appointed from outside the Indian Service, will not apply in the case of a Resident appointed from one of the Indian Services, but the cost of the passage grant in each case will be borne equally by His Majesty's Government and the Government of India, in the same way as the cost of the Resident's emoluments.

I have, &c.,
L. S. AMERY.

C 59270/28 [No. 118].

No. 92.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 93.]

SIR, Downing Street, 18th September, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 9th August,* and to previous correspondence on the subject of the allocation as between British and Indian Funds of the expenditure in connection with Aden, and to transmit to you, to be laid before the Secretary of State for India, copies of two despatches† which have been received from Sir Stewart Symes, the Resident and Commander-in-Chief, in regard to the payment of his salary and sumptuary allowance.

It will be seen from the final paragraph of the Resident's despatch No. 146 of the 22nd August,‡ that Sir Stewart Symes suggests that one of the two Governments concerned, and preferably the Government of India, should in future issue his salary and allowances in full, and recover from the other Government the moiety for which it is responsible.

It is understood from semi-official communication with your Department that Secretary Lord Birkenhead would have no objection to the payment of the whole of the Resident's salary in the first place by the Government of India, and would be prepared to authorise that Government accordingly. I am to suggest, therefore, that the Government of India may be requested to give immediate effect to this arrangement, which should date from the 16th July last, and to state that Mr. Amery will be prepared to accept the relevant charges in this connection in part adjustment of the advance of £15,000 issued to your Department on the 30th June last, in respect of Political expenditure, &c., to be incurred at Aden during the period to 30th September, 1928, and any similar advances which may be made subsequently in respect of future periods.

I am to add that this arrangement will require to be reviewed in the event of an alteration of the present procedure under which the Resident at Aden accounts for the whole of his expenditure, a proportion of which is recoverable from the Vote for Colonial and Middle Eastern Services, to the Government of India.

I am, &c.,
A. J. HARDING.

C. 59270/28 [No. 121].

No 93.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 10th October, 1928.

I AM directed by the Secretary of State for India to refer to your letter of the 18th September,§ regarding the payment of salary and sumptuary allowance to the Resident and Commander-in-Chief, Aden.

* No. 50. † C. 59270/28 [No. 114] and C. 59270/28 [No. 117]: not printed.
‡ C. 59270/28 [No. 117]: not printed. § No. 92.

I am to say that, subject to the concurrence of the Government of India, Lord Birkenhead sees no objection to the proposal that the whole of the salary and allowance should be paid in the first place by the Government of India, a moiety being recovered by this Office from Imperial Revenues.

A copy of a telegram which has been sent to the Government of India is enclosed for the information of the Secretary of State for the Colonies.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 93.

TELEGRAM FROM SECRETARY OF STATE TO VICEROY, FOREIGN DEPARTMENT, DATED 10TH OCTOBER, 1928.

2870. PLEASE refer to Colonial Office letter of 18th September, sent by mail of 20th September. Salary, &c., of Resident, Aden. Course proposed by Colonial Office seems simplest in circumstances. If you agree please take action accordingly and inform me.

Moiety should be charged to Colonial Office in the same manner as other recoverable expenditure.

C. 59270/28 [No. 122].

No. 94.

THE SECRETARY OF STATE to THE RESIDENT.

(Accounts.)
(No. 3.)

SIR, Downing Street, 23rd October, 1928.

I HAVE the honour to acknowledge the receipt of your despatch, No. 146 of the 22nd August,* regarding the issue of your emoluments as Resident at Aden, and to transmit to you herewith, for your information, a copy of correspondence† between the Colonial Office and the India Office from which you will observe that it has been agreed to invite the Government of India to issue the whole of your salary and sumptuary allowance in the first instance, a moiety being recovered by the India Office from Imperial Revenues.

2. This arrangement may require to be reviewed in the event of an alteration of the present procedure under which you account for the whole of your expenditure direct to the Government of India.

I have, &c.,
L. S. AMERY.

C. 69270/29 [No. 4].

No. 95.

THE RESIDENT to THE SECRETARY OF STATE

(Received 6th May, 1929.)

[*Answered by No.* 96.]

(No. 65.)

SIR, The Residency, Aden, 23rd April, 1929.

I HAVE the honour to request an instruction as to the reply which may be given to an (Indian Government) audit query as to the amount of electrical energy which may properly be supplied free of cost to this Residency.

Under an order by the Government of India in the Political Department—No. 43 (14) A, dated 25th July, 1927—the Resident here was allowed to use up to 200 units a month for an inclusive payment of Rs. 80/-. He paid for any additional units consumed—often up to 100-150 units—at current rates.

* C. 59270/28 [No. 117]: not printed. † Nos. 92 and 93.

By the terms of my appointment—see Colonial Office despatch No. 68 of 31st August, 1928*—I am exempted specifically from payments for house-rent, lighting and sanitary charges, but I am not clear as to whether this exemption includes electrical units to work fans which are required during nine months of the year here, and for the " frigidaire " which was installed as part of the Residency furniture. I have ascertained that my average monthly consumption of electrical units for all purposes is about 250 units.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69270/29 [No. 7].

No. 96.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 29.)

SIR, Downing Street, 25th June, 1929.

I HAVE the honour to acknowledge the receipt of your despatch No. 65 of the 23rd of April† regarding the question of the amount of electrical energy which may properly be supplied free of cost to the Aden Residency.

2. I consider that it would be reasonable to regard the exemption from lighting charges which was referred to in your letter of appointment as extending to 200 units a month, and that any additional units of electric current consumed over and above that figure should be paid for by the Resident.

I have, &c.,
SIDNEY WEBB.

(ii) First Assistant Resident.

C. 59294/28 [No. 1].

No. 97.

MR. J. G. LAITHWAITE (INDIA OFFICE) to MR. A. J. HARDING (COLONIAL OFFICE).

[*Answered by No.* 98.]

DEAR HARDING, India Office, Whitehall, S.W.1, 10th March, 1928.

BEFORE taking orders on the tentative proposal which we discussed on Thursday as regards the position of the First Assistant Resident at Aden under the new system, I think it best briefly to record my recollection of what passed between us and to ask you if you agree in its general correctness.

The position is that the Government of India, an extract from whose telegram on the subject I enclose, have represented strongly that they see objection to any system under which the First Assistant Resident would be totally excluded from the handling of political affairs at Aden. The strongest argument employed by them is that such exclusion would tend to disqualify the First Assistant for the competent discharge of the duties of Resident when he was acting in that capacity. Other arguments are touched on in their telegram. The conclusion reached by them was that the balance of advantage lay with the maintenance of the existing system coupled with alternation in the post of First Assistant Resident between the Indian and Colonial Services similar to that contemplated in the post of Resident.

I gathered from you that Mr. Amery would not be prepared to agree to the maintenance of the existing system and that he attached real importance to the acceptance of the proposal for a Protectorate Secretary to be found invariably from the Colonial Service. At the same time, after discussing the question in its various aspects, you were, if I understood you correctly, disposed to think that a working arrangement could be found which, consistently with the appointment of the Protectorate Secretary and the transfer of political work from the hands of the First Assistant, would ensure that that official was kept *au fait* with political developments.

* No. 91. † No. 95.

What we thought possible was that an arrangement should be accepted by the two Departments (and presumably communicated in his official instructions to the Resident on appointment), under which the First Assistant should be furnished with information copies of all documents dealing with the political affairs of Aden, and should be allowed to see files after action had been taken. You thought at the same time that great importance would be attached by Mr. Amery to the right of direct access to the Resident by the Protectorate Secretary, and that you did not therefore think it would be possible for papers to be submitted by the Protectorate Secretary through the First Assistant.

A compromise on these lines should in your view go a long way towards meeting the objections stated by the Government of India to the new system.

If you would be so kind as to let me know whether you agree that what I have said above correctly represents the results of our discussion, I will then put the question up for orders.

Yours sincerely,
J. G. LAITHWAITE.

Enclosure in No. 97.

Extract from telegram from Viceroy, Foreign and Political Department, to Secretary of State for India, No. 468-S, dated 3rd March, 1928.

The expediency of divesting the First Assistant of all political work and of creating a new appointment of Protectorate Secretary seems to us exceedingly doubtful. We find it impossible not to feel that the acceptance of this proposal would impede the application in practice of the principle of alternation, and would deprive both the Services concerned, the Indian Political Department and the Colonial Service, of the advantage which they stand to gain from the inter-play of political experience. In the public eye it would moreover lower the First Assistant, and the objections to an arrangement under which, to take an example, a trained Indian Frontier Officer serving as First Assistant would have no say in the handling by his junior of important political affairs, for which he may at any time become responsible as Officiating Resident, are obvious. We recognised in putting forward our original proposals for the general lines of the settlement of Aden questions which have now been accepted, their anomalous character, and we are most anxious from the outset to avoid anything which is likely to lead, in working, to friction.

C. 59294/28 [No. 2].

No. 98.

MR. A. J. HARDING (COLONIAL OFFICE) to MR. J. G. LAITHWAITE (INDIA OFFICE).

DEAR LAITHWAITE, Downing Street, 14th March, 1928.

YOUR letter of the 10th of March,* as regards the position of the First Assistant Resident at Aden under the new system.

I agree as to your record of our conversation except that the suggestions that the First Assistant Resident should be—

(*a*) furnished with information copies of all documents dealing with the political affairs of Aden; and

(*b*) allowed to see files after action has been taken;

are alternatives and not cumulative.

It is the case that Mr. Amery attaches real importance to the acceptance of the proposal that the Protectorate Secretary should be found invariably from the Colonial Service, and that he would not agree to the maintenance of the existing system. Mr. Amery also attaches great importance to the right of direct access to the Resident by the Protectorate Secretary, who will be the Resident's adviser on all Protectorate affairs.

If you agree to ask the Government of India to accept the original proposals with one of the above alternatives for keeping the First Assistant Resident acquainted with

* No. 97.

what is going on in the Protectorate, perhaps you would at the same time inquire whether the Government of India would agree to provide the Protectorate Secretary with a house and, if so, upon what terms.

Yours sincerely,
A. J. HARDING.

(iii) Second Assistant Resident and Protectorate Secretary.

C. 59270/28 [No. 84].

No. 99.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 100.]

SIR, Downing Street, 2nd June, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 28th of April* and to previous correspondence on the subject of the proposed allocation of political and civil duties in Aden, and to request you to inform the Lords Commissioners of the Treasury that he proposes, subject to Their concurrence, to approach the High Commissioner for Palestine with a view to the secondment of Mr. R. S. Champion, Administrative Officer, Palestine, for service at Aden in the post of Second Assistant Resident and Protectorate Secretary.

2. The Standing Aden Committee at their third meeting† agreed that the salary to be attached to the above post should be on the scale of £800 to £1,000. Mr. Amery would accordingly suggest that the salary of the post should be on the scale of £800 rising by annual increments of £25 to £1,000. He considers, however, that Mr. Champion should be offered a commencing salary of £950 in that scale, as his present emoluments amount to approximately £908 per annum, and in Aden he would be liable to Income Tax, which is not the case in Palestine. In the event of Mr. Champion being seconded for service at Aden a pension contribution would be payable by His Majesty's Government to the Palestine Government as he is in a pensionable appointment in the Palestine service.

3. I am accordingly to request that Their Lordships may be moved to concur in Mr. Amery's proposal to telegraph to the High Commissioner for Palestine inquiring whether Lord Plumer is prepared to agree to the proposed secondment of Mr. Champion for service at Aden, subject to the payment of a pension contribution by His Majesty's Government, and if so, whether Mr Champion would be prepared to accept the appointment at a commencing salary of £950 in the scale £800 × £25 – £1,000.

4. I am to request the favour of an early reply to this letter.

I am, &c.,
H. BECKETT.

C. 59270/28 [No. 88].

No. 100.

TREASURY to COLONIAL OFFICE.

(E. 19172/2.)

SIR, Treasury Chambers, 11th June, 1928.

IN reply to Mr. Beckett's letter of the 2nd instant,‡ I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that They sanction a scale of £800—£25—£1,000 for the post of Second Assistant Resident and Protectorate Secretary at Aden, and concur in the proposal that if Mr. R. S. Champion, an Administrative Officer in the service of the Palestine Government, is seconded to fill the post he should receive an initial salary of £950 per annum in the scale, in consideration of his present level of remuneration and the liability of the Aden salary to Imperial Income Tax, and that pension contribution should be payable by Aden to the Palestine Government for the period of his secondment. They would be glad to be informed as to the proposed

* C. 59278/28 [No. 72]: not printed. † No. 3. ‡ No. 99.

rate of this contribution in the present case. They assume that it will be calculated each year on the pensionable emoluments which the officer would have received had he remained in the Palestine Service in his existing grade.

I am, &c.,
R. R. SCOTT.

C. 59270/28 [No. 89].

No. 101.

PALESTINE.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 3.30 p.m., 14th June, 1928.)

TELEGRAM.

[*Answered by No.* 102.]

No. 96. If you see no objection please offer R. S. Champion appointment of Second Assistant Resident and Protectorate Secretary at Aden with commencing salary of £950 per annum in scale £800 × £25—£1,000. He should be informed that his pay would be liable to British Income Tax. He would be seconded whilst serving at Aden, and a pension contribution would be paid by Aden to Palestine Government.

Please telegraph whether Champion accepts and if so earliest date on which he can leave Palestine.—AMERY.

C. 59270/28 [No. 91].

No. 102.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 3.50 p.m., 21st June, 1928.)

TELEGRAM.

[*Answered by No.* 103.]

No. 84 OF 21ST JUNE. Your telegram of 14th June No. 96.* Before Champion decides whether he will be able to accept offer of Aden appointment he would like to know to what allowances he will be entitled, what conditions of housing and leave prevail, and probable period seconded.

C. 59270/28 [No. 101].

No. 103.

PALESTINE.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 4.50 p.m., 6th July, 1928.)

TELEGRAM.

[*Answered by No.* 106.]

No. 107. YOUR telegram No. 84 of 21st June,† Champion. (*a*) There are no special allowances, such as expatriation or cost of living in Aden, but appropriate travelling allowance will be granted when required to travel. (*b*) Indian leave rules, suitably modified, would apply. Under such rules officer earns leave on average

* No. 101. † No. 102.

pay of appointment at rate of 5/22nds of period spent on duty. Champion would earn about seven months' leave in respect of 2 years and 5 months' resident service at Aden. (c) Term of secondment three years in first instance extendable to five.

Further telegram will be sent as to housing conditions.—AMERY.

C. 59270/28 [No. 102].

No. 104.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 105.]

SIR, Downing Street, 7th July, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 27th of June,* forwarding copies of telegraphic correspondence on the subject of the proposed secondment of Mr. R. S. Champion, Administrative Officer, Palestine, for service at Aden in the post of Second Assistant Resident and Protectorate Secretary.

2. The inquiries as to leave conditions, &c., made in the telegram from the High Commissioner for Palestine dated the 21st of June (No. 84)† were considered at the ninth meeting‡ of the Standing Aden Committee. I am to enclose, for the information of the Lords Commissioners of the Treasury, a copy of a reply§ in the sense agreed to by the Committee which has been sent in regard to three of the points raised in Lord Plumer's telegram.

3. As Their Lordships are aware, a telegram was addressed to the Acting Resident at Aden on the remaining point, and a reply,‖ of which a copy is enclosed, has now been received. Sir Stewart Symes, to whom a copy of the Acting Resident's telegram was sent, has expressed the opinion that Mr. Champion, who is married, would not accept the appointment unless he were assured of obtaining a suitable house at Aden. Sir Stewart has also stated that he was unable to express a definite opinion on the suggestion that the Protectorate Secretary should occupy temporarily the Residency Guest House, but that, prima facie he inclined to the view that such occupation should not in any case extend beyond a few weeks.

4. I am to say that Mr. Amery proposes to ask Sir Stewart Symes for a report on the question after the latter's arrival at Aden. The Secretary of State also proposes, subject to their Lordship's concurrence, to inform the High Commissioner for Palestine that Mr. Champion would be provided with a house at Aden, subject to payment of a rental contribution not exceeding 10 per cent. of the amount of his Aden pay. He considers that His Majesty's Government might reasonably be expected to follow the practice which, he understands, already obtains in regard to the other Assistant Residents and to provide a house subject to payment of rental contribution not exceeding 10 per cent. of salary in such a case as that of the Protectorate Secretary at Aden, and he trusts that Their Lordships will agree to the above assurance being given to Mr. Champion.

5. Mr. Amery proposes to inform the Acting Resident at Aden in reply to his telegram No. 106 of the 30th of June,‖ that further consideration of the question will be deferred pending the arrival at Aden of the new Resident, and that in the meantime no move should be made in the matter of the purchase of the house referred to in the Acting Resident's telegram.

6. I am to add that a telegram has been received from the High Commissioner for Palestine asking for an early reply to Mr. Champion's inquiries, as it was proposed to grant him leave early in August and, in the event of his accepting the appointment, he would require time to make arrangements in regard to his house and household effects. I am accordingly to request the favour of a very early reply to this letter, a copy of which is being sent to the India Office.

I am, &c.,
F. J. HOWARD
(for the Under-Secretary of State).

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* C. 59270/28 [No. 94]: not printed. † No. 102. ‡ No. 9. § No. 103.
‖ C. 59270/28 [No. 95]: not printed.

C. 59270/28 [No. 104].

No. 105.

TREASURY to COLONIAL OFFICE.

(E. 19172/2.)

SIR, Treasury Chambers, 13th July, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Howard's letter of the 7th instant,* further regarding the proposed secondment of Mr. R. S. Champion, Administrative Officer, Palestine, for service at Aden in the post of Second Assistant Resident and Protectorate Secretary.

In reply I am to request you to inform Mr. Secretary Amery that My Lords concur in his proposal to inform the High Commissioner for Palestine that Mr. Champion would be provided with a house at Aden, subject to payment of a rental contribution not exceeding 10 per cent. of the amount of his Aden pay. They also concur in the terms of the communication which Mr. Amery proposes to send to the Resident at Aden in reply to the latter's telegram No. 106 of 30th ultimo.† I am to add that it is not clear to Their Lordships why the house occupied by the late Second Assistant Resident should not suffice for Mr. Champion.

I am, &c.,
R. R. SCOTT.

C. 59270/28 [No. 106].

No. 106.

PALESTINE.

THE HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 1.3 p.m., 16th July, 1928.)

TELEGRAM.

No. 100 OF 16TH JULY. Your telegram of 6th July, No. 107.‡ Champion accepts conditions proposed, and I am prepared to release him for secondment to Aden, his pension contribution being paid to this Government.

Champion has had no vacation leave since the end of 1925. I had approved his taking 3 months' vacation this year in August. While he has not been sick he has not been very fit, and I consider he needs rest and change before proceeding to Aden. Unless I hear to the contrary I propose that he takes leave as already arranged. He will then proceed to Aden at the end of October.

C. 59270/28 [No. 107].

No. 107.

PALESTINE.

THE SECRETARY OF STATE to THE HIGH COMMISSIONER.

(Sent 3 p.m., 18th July, 1928)

TELEGRAM.

No. 115. My telegram No. 107 of 6th July.‡ Champion will be provided with a house at Aden subject to payment of rental contribution not exceeding 10 per cent. of Aden pay.—AMERY.

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* No. 104. † C. 59270/28 [No. 95]: not printed. ‡ No. 103.

C. 59270/28 [No. 108].

No. 108.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 49.)

SIR, Downing Street, 19th July, 1928.

I HAVE the honour to transmit to you, for your information, the accompanying copy of correspondence* regarding the secondment of Mr. R. S. Champion, Administrative Officer, Palestine, for service at Aden in the post of Second Assistant Resident and Protectorate Secretary.

2. You will observe that salary on the scale of £800 per annum rising by annual increments of £25 to £1,000 per annum has been approved for the above post, and that it has been decided that Mr. Champion should be allowed to enter the scale at a commencing salary of £950 per annum. He will be seconded for a period of three years in the first instance, extendable to five years, and a pension contribution, at a rate to be determined later, will be paid to the Palestine Government during the period of his secondment.

3. You will also observe that the High Commissioner for Palestine has been informed that Mr. Champion will be provided with a house at Aden subject to payment of rental contribution not exceeding 10 per cent. of the amount of his Aden pay. I shall be glad if you will consider what arrangements can be made for providing Mr. Champion with a house, and submit proposals at an early date. You will doubtless at the same time furnish an explanation in regard to the point raised in the last sentence of the Treasury letter dated the 13th of July.† In the meantime no action should be taken in the matter of the purchase of the house referred to in the Acting Resident's telegram No. 106 of the 30th of June.‡

4. In accordance with the arrangements proposed in Lord Plumer's telegram No. 100 of the 16th of July,§ Mr. Champion will not proceed to Aden to take up his appointment before the end of October. I shall be glad to learn whether you have any objection to offer to this arrangement.

5. I will address you in a separate despatch in regard to the duties attached to his appointment.

I have, &c.,
L. S. AMERY.

C. 59340/28 [No. 7].

No. 109.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 3rd September, 1928.)

[*Answered by Nos.* 110 *and* 113.]

(No. 114.)

SIR, Residency Office, Aden, 22nd August, 1928.

I HAVE the honour to address you on the subject of the pay and allowances for the Protectorate Secretary.

2. I have gone carefully into the question, not with any idea of bridging the general disparity between Colonial and Indian rates but in order to ascertain on what an officer can live here in the reasonable degree of comfort to which his service entitles him. The general conditions of service at Aden are known to you. Most of the necessities of life are expensive as compared with India; and a debilitating climate and the lack of any kind of hill station render it essential for a family and very desirable for an officer to take regular leave of absence.

3. Mr. Champion, who I understand will be appointed to the post at the initial salary of £950 a year, from which Income Tax at British rates will be deducted, will find it practically impossible as a married man to make financial ends meet. I do not, however, suggest that his salary should be increased but I recommend strongly that he should be granted the following allowances and concessions:—

(1) An Aden (or local duty) allowance of Rs.200 a month or £180 a year.

(2) A conveyance (transport) allowance of Rs.100 a month, with an additional allowance of 8 annas a mile for journeys made on duty outside the Settlement.

* Nos 99, 100, 101, 102, 103, 104, 105, 106, and 107. † No. 105.
‡ C. 59270/28 [No. 95]: not printed. § No. 106.

(3) Free 1st class passages at P. and O. rates for himself and his family—not exceeding three persons—to and from the United Kingdom on one occasion in each period of 18 months.

4. The question of the leave to which he and other officers not subject to Indian Government regulations should be entitled has not been decided. At a meeting of the Aden Standing Committee it was proposed that the 'Iraq Scale of one day's leave on full pay in respect of five days' resident service should be adopted. I agree that this scale is suitable.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

Copies of this letter have been sent to the Governments of India and Bombay.

C. 59340/28 [No. 10].

No. 110.

THE SECRETARY OF STATE to THE RESIDENT.

[*Answered by No.* 114.]

(No. 74.)

SIR, Downing Street, 18th October, 1928.

I HAVE the honour to acknowledge the receipt of your despatch No. 144 of the 22nd of August,* in regard to the pay and allowances for the Second Assistant Resident and Protectorate Secretary.

2. The first and third of the recommendations made in paragraph 3 of your despatch (local duty allowance and passages) are under consideration, and I will inform you of my decision in regard to them as early as possible, as also upon your recommendation in regard to the amount of leave to be granted to the Protectorate Secretary. In the second of the recommendations made in paragraph 3 of your despatch, you propose that Mr. Champion should be granted a conveyance allowance of Rupees 100 a month, with an additional allowance of 8 annas a mile for journeys made on duty outside the Settlement. I should be glad if you would confirm that this additional allowance is payable only on those occasions on which Mr. Champion uses his own car, and is intended to cover cost of petrol, &c., and depreciation. If this is the case, I am disposed to consider favourably your recommendation with regard to the mileage allowance and to submit it for the consideration of the Lords Commissioners of the Treasury, but I should be glad to receive an explanation of the proposed conveyance allowance. As I understand from your despatch No. 124 of the 26th of July† that the house which it is proposed to acquire for the Protectorate Secretary is situated close to the Residency Office, and as presumably, the Protectorate Secretary will not be required to travel to any considerable extent in the Settlement, the conveyance allowance is, no doubt, intended to reimburse him for extra expenses incurred in travelling outside the Settlement and might perhaps be more appropriately termed "subsistence allowance." I should be glad if, at the same time, you would indicate roughly the extent—*e.g.*, number of days per month and mileage—of the travelling which Mr. Champion would necessarily be required to undertake.

I have, &c.,
L. S. AMERY.

C. 59340/28 [No. 11].

No. 111.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 112.]

SIR, Downing Street, 19th October, 1928.

I AM directed by Mr. Secretary Amery to refer to Sir R Scott's letter No. E. 19172/2 of the 11th of June,‡ and to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a despatch§ from the Resident at Aden in regard to the scale of salary and allowances for the post of

* No. 109. † C. 59340/28 [No. 2]: not printed. ‡ No. 100. § No. 109.

Second Assistant Resident and Protectorate Secretary. In accordance with the terms of the letter under reference, Mr. R. S. Champion was offered and accepted the appointment at a commencing salary of £950 a year on the scale £800—£25—£1,000. He was also informed that an appropriate travelling allowance would be granted when he was required to travel, and that the leave rules of the Indian Government, suitably modified, would be applied Sir S. Symes now recommends that Mr. Champion should be granted a local duty allowance of £180 a year, together with certain travelling allowances and free first-class passages for himself and his family, not exceeding three persons, to and from the United Kingdom, once in every period of 18 months.

2. As regards the proposed local duty allowance, Sir S. Symes has made a similar recommendation in his submission of the conditions of service to be granted to Lieutenant-Colonel Lake if he accepts a political appointment in Aden. A separate letter is being addressed to you on this matter, but Mr. Amery recognises that the circumstances connected with Lieutenant-Colonel Lake's appointment are exceptional, and that there is no sufficient reason to treat the two appointments as similar. At the same time, in view of the strong recommendation made by Sir S. Symes, he feels bound to submit the proposal in the case of Mr. Champion and he would be glad if Their Lordships would consider it favourably.

3. The question of the provision of travelling allowance to the Second Assistant Resident and Protectorate Secretary requires further consideration, and a copy of the despatch* which has been addressed to Sir S. Symes on this subject is enclosed.

4. As regards the provision of passages, Mr. Amery would suggest that, as has also been suggested in the case of Lieutenant-Colonel Lake, passages should be granted not once in each period of 18 months, but after each period of 18 months' resident service in Aden. He cannot accept Sir S. Symes' recommendation that free passages should be provided for the officer and his family, but would suggest that the rules which are applicable in the West African Colonies should be applied to officers employed in Aden who are paid out of British funds. Under this arrangement an officer accompanied or followed to Aden by his wife would be paid half a single fare outwards, and if she remained in Aden six months, or if she or her husband were invalided within that period, half single fare homewards on returning to this country. These payments would not be made unless the officer's wife (*a*) before departure from this country submitted a certificate from one of the Consulting Physicians to the Colonial Office or her own medical attendant which will satisfy the Secretary of State that she is in good health and physically fit to proceed to Aden, or (*b*) actually does reside there with him for at least six months during his tour.

The grant towards the wife's passage would not be payable except with the special sanction of the Resident if she did not arrive in the Colony at least six months before the date on which her husband would be eligible for leave.

5. As regards the amount of leave to be allowed to officers in Aden paid from British funds, Mr. Amery would propose that, in accordance with the rules of the Indian Government, leave should be granted at the rate of 5/22nds of the period actually spent on duty.

6. I am to request that Mr Amery may be favoured with Their Lordships' views on the proposals made in this letter.

I am. &c.,
H. R. COWELL.

C. 59340/28 [No. 12].

No. 112.

TREASURY to COLONIAL OFFICE.

(E. 19172/2.)

SIR, Treasury Chambers, 14th November, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 18th ultimo,† relative to the grant of local duty allowance, travelling allowance, leave and passage, to the Second Assistant Resident and Protectorate Secretary at Aden.

In reply I am to request you to inform Mr. Secretary Amery that My Lords do not think a case has been made out for a substantial increase, which may in turn react on the emoluments contemplated for other posts in Aden, in this officer's emoluments by the grant of local duty allowance. The scale of the post has but recently been fixed after consideration of the local conditions and the duties required; an

* No. 110. † No. 111.

entering point near the maximum of that scale has been specially arranged to attract this officer, on the assumption that no such addition was payable; and the post has been offered to and accepted by him on those conditions

My Lords do not desire to offer any observations on the other points dealt with in the letter under reply.

I am, &c ,
R. R. SCOTT

C. 59340/28 [No. 13].

No. 113.

THE SECRETARY OF STATE to THE RESIDENT.

(No 81.)

SIR, Downing Street, 5th December, 1928.

I HAVE the honour to refer to your despatch No. 144 of the 22nd of August* and to my despatch No 74 of the 18th of October† in regard to the pay and allowances for the Second Assistant Resident and Protectorate Secretary, and to inform you that I have now considered, in consultation with the Lords Commissioners of the Treasury, your recommendations with regard to local duty allowance, passages and leave

2. I regret that I am unable to approve your recommendation that Mr. Champion should be granted a local duty allowance of £180 a year. The scale of the post has but recently been fixed after consideration of the local conditions and the duties required; an entering point near the maximum of that scale has been specially arranged to attract Mr. Champion, on the assumption that no such addition was payable; and the post has been offered to and accepted by him on those conditions.

3. As regards the provision of passages, I consider that, as has also been suggested in the case of Lieutenant-Colonel Lake, passages should be granted not once in each period of 18 months, but after each period of 18 months' resident service in Aden. I am unable to accept your recommendation that free passages should be provided for the officer and his family, but consider that the rules which are applicable in the West African Colonies should be applied to officers employed in Aden who are paid out of British funds. Under this arrangement, an officer accompanied or followed to Aden by his wife would be paid half a single fare outwards, and, if she remained in Aden six months, or if she or her husband were invalided within that period, half single fare homewards on returning to this country. These payments would not be made unless the officer's wife (*a*) before departure from this country submitted a certificate from one of the Consulting Physicians to the Colonial Office or her own medical attendant which will satisfy the Secretary of State that she is in good health and physically fit to proceed to Aden, and (*b*) actually does reside there with him for at least six months during his tour.

The grant towards the wife's passage would not be payable except with the special sanction of the Resident if she did not arrive in the Colony at least six months before the date on which her husband would be eligible for leave

4. As regards the amount of leave to be allowed to officers in Aden paid from British funds, I consider that, in accordance with the rules of the Indian Government, leave should be granted at the rate of 5/22nds of the period actually spent on duty.

5. I have to request that you will take steps to give effect to the proposals set out above.

I have, &c.,
L. S. AMERY.

C 59340/28 [No. 15].

No. 114.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 27th December, 1928.)

(No. 227.)

SIR, Residency Office, Aden, 7th December, 1928.

I HAVE the honour to acknowledge the receipt of your despatch No. 74 of the 18th October, 1928,† in regard to the pay and allowances of the Protectorate

* No. 109. † No. 110.

Secretary, and to note that a decision respecting the matters referred to in the first sentence of paragraph 2 thereof will be communicated to me in due course.

2. I have carefully reviewed the question of conveyance allowance to the Protectorate Secretary in the light of your observations. It is true that he will probably live near the Residency Office, but he will not be solely an office man. On the contrary, to discharge his duties properly, he should get about in and outside the Settlement and preferably in a reliable car of his own. The conveyance allowance, as you rightly supposed, is to afford him reasonable inducement to keep a suitable car for the purpose while the additional allowance, which he will draw only when he uses his own car, is intended to meet the extra wear and tear inevitable to journeys over the very rough, and often uncleared tracks in this Protectorate. Inside the Settlement he has to visit the Residency (where I work) almost daily, to pay frequent visits to the Crater, the native centre where the Chief's Guest house is situated; and occasionally to Sheikh Othman where tribal visitors congregate A conservative estimate of the travelling involved is 200 miles a month. The extent of his travelling outside the Settlement must obviously depend on circumstances: it will be chiefly to and from Lahej which has become an important centre for transaction of Protectorate business. It will probably average 200 miles a month in normal circumstances. I calculate that the conveyance and additional allowances I have recommended will barely cover the actual running expenses with depreciation of his private car on these official journeys: but I should be able to report with more certainty as to this in (say) six months' time.

3. As regards "subsistence allowance" in respect of journeys on duty outside the Settlement, the Protectorate Secretary, under the terms of your telegram of 6th July, 1928,* to the High Commissioner for Palestine, "will be granted appropriate travelling allowance when required to travel." Officers of the Indian Civil Services on the establishment of this Residency who are in receipt of actual pay of Rs. 750 or more a month are entitled under Indian Rules to a daily allowance of Rs. 7/8/- while on tour, and I propose that the Protectorate Secretary should be similarly entitled when not using his own conveyance.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69279/29 [No. 10].

No 115.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 13.)

SIR, Downing Street, 29th April, 1929.

I HAVE the honour to refer to your despatch No. 25 of the 13th February† regarding the emoluments of the Protectorate Secretary, and to inform you that, having regard to the statement of his financial position submitted by Mr. Champion, and the observations contained in your despatch, I have, in consultation with the Lords Commissioners of the Treasury, given the matter my further consideration.

2. I regret that it has not been found possible to agree to the proposal set forth in paragraph four of your despatch that the whole cost of Mrs Champion's initial passage to Aden. and half the cost of her return passage should be defrayed from public funds.

3. It has, however, been decided that a local duty allowance of £100 per annum should be paid to married officers holding the appointment of Protectorate Secretary as from the 1st April, 1929, and, further that, as from the same date, the salary of Mr Champion should be specially advanced to £1,000 per annum, the maximum of his grade.

4 I trust you will be able to meet the extra expenditure involved without incurring any excess on the Vote for the current year.

I have, &c.,
I. S. AMERY.

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* No. 103. † C. 69279/29 [No. 3]: not printed.

(iv) Aide-de-Camp.

C. 59317/28 [No. 8].

No. 116.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 117.]

SIR, Downing Street, 4th June, 1928.

WITH reference to the letter from this Department of 18th May,* I am directed by Mr. Secretary Amery to request you to inform the Lords Commissioners of the Treasury that Mr. Faraday has declined the offer of appointment of Aide-de-Camp to the Resident and Commander-in-Chief of Aden, and that Lieutenant-Colonel Sir George Symes now proposes to obtain as his Private Secretary and Aide-de-Camp, Captain H. D. Taylor, late Indian Army, who has served at Aden.

Mr. Amery considers that Captain Taylor's salary as Private Secretary and Aide-de-Camp should be fixed at Rs. 6,800 (or £510) a year; and I am to invite Their Lordships' approval of this rate of salary being offered to Captain Taylor.

I am, &c.,
A. J. HARDING.

C. 59317/28 [No. 17].

No. 117.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 121.]

SIR, Treasury Chambers, 11th June, 1928.

IN reply to Mr. A. J. Harding's letter of the 4th instant,† I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that They sanction payment of salary at the rate of Rs. 6,800 a year to Captain H. D. Taylor, late Indian Army, whom it is now proposed to appoint as Aide-de-Camp to the Resident and Commander-in-Chief of Aden.

I am, &c.,
R. R. SCOTT.

C. 59317/28 [No. 19].

No. 118.

THE UNDER-SECRETARY OF STATE to MR. T. K. LLOYD.

(Sent 1 p.m., 16th June, 1928.)

TELEGRAM.

INFORM Symes salary Rupees 6,800 for Secretary and A.D.C. approved. Presume he will proceed with Taylor's passage arrangements, cost falling against Symes' passage allowance.

C. 59317/28 [No. 20].

No. 119.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 120.]

SIR, Downing Street, 19th June, 1928.

WITH reference to the letter from this Department of the 5th of June‡ regarding the proposed appointment of Captain Harold Duncan Taylor, late Indian Army (7th Rajputs), as Aide-de-Camp to the Resident and Commander-in-Chief of Aden,

* C. 59317/28 [No. 2]: not printed † No 116 ‡ C. 59317/28 [No. 10]: not printed.

I am directed by Mr. Secretary Amery to transmit to you, for the information of the Earl of Birkenhead, a copy of a letter† from the Treasury from which it will be observed that Their Lordships have sanctioned payment of salary at the rate of Rs. 6,800 a year to Captain Taylor.

2. I am to inquire whether Lord Birkenhead agrees to the Aide-de-Camp's salary being charged to British Funds and Indian Government Funds in equal proportions, as in the case of the Resident's salary and passage allowance.

I am, &c.,
A. J. HARDING.

C. 59317/28 [No. 21].

No. 120.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 4th July, 1928.

IN reply to Mr. A. J. Harding's letter of the 19th June,* I am directed by the Secretary of State for India in Council to inform you that on the understanding (of the correctness of which he will be glad to receive confirmation) that Imperial revenues will bear half the salary of the A.D.C. to an Indian Service Resident at Aden, he agrees that the salary of the A.D.C. to a British Service Resident (and so of Captain Taylor) shall be borne as to one-half by Indian Revenues.

I am, &c.,
L. D. WAKELY.

C. 59317/28 [No. 22].

No. 121.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 122.]

SIR, Downing Street, 17th July, 1928.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 11th of June† regarding the salary payable to Captain H. D. Taylor, late Indian Army, on his appointment as Aide-de-Camp to the Resident and Commander-in-Chief of Aden, and to transmit to you, for the information of the Lords Commissioners of the Treasury, the accompanying copy of correspondence‡ which has been exchanged with the India Office.

2. I am to state that, subject to Their Lordships' concurrence, Mr. Amery proposes to confirm the understanding that British funds will bear half the salary of the Aide-de-Camp to an Indian Service Resident at Aden.

I am, &c.,
F. J. HOWARD
(for the Under-Secretary of State).

C. 59317/28 [No. 23].

No. 122.

TREASURY to COLONIAL OFFICE.

(E. 19172/2.)

SIR, Treasury Chambers, 26th July, 1928.

IN reply to Mr. Howard's letter of the 17th instant§ enclosing copies of correspondence with the India Office relative to the salary of the Aide-de-Camp to the Resident of Aden, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that My Lords concur

* No. 119. † No. 117. ‡ Nos 119 and 120. § No. 121.

in his proposal to convey to the Secretary of State for India the assurance that British funds will bear half the salary of the Aide-de-Camp to an Indian Service Resident at Aden.

I am, &c.,
R. R. SCOTT.

C. 69283/29 [No. 7].

No. 123.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 124.]

SIR, Downing Street, 8th May, 1929.

WITH further reference to Mr. Walton's letter of the 28th March,* regarding the emoluments of the Aide-de-Camp to the Resident at Aden, I am directed by Mr. Secretary Amery to request you to inform Viscount Peel that, with the concurrence of the Lords Commissioners of the Treasury, Mr. Amery agrees that, in the event of the appointment to the post of Aide-de-Camp of an Indian Army Officer on the active list, His Majesty's Government would be willing to bear a moiety of the cost of his pay as laid down in Army Instruction India, Special No. 1 of 1925, subject, however, to the proviso that, if the Aide-de-Camp is in fact provided with free board and lodging, such adjustments as are admissible under Indian Army Regulations should be made.

2. As regards paragraph 3 of the letter under reply, the Resident at Aden has expressed his desire to retain the services of Captain G. V. Ropner as his Aide-de-Camp and Private Secretary, and the latter should therefore continue to receive salary at the rate of Rs.6,800 per annum as at present. I am to add that Mr. Amery concurs in the reply proposed to the inquiry contained in paragraph 2 of the Bombay letter of the 21st January.

I am, &c.,
H. R. COWELL.

C. 69283/29 [No. 10].

No. 124.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 5th June, 1929.

IN reply to Mr. Cowell's letter of the 8th May,† regarding the emoluments of the Aide-de-Camp to the Resident at Aden, I am directed by the Secretary of State for India to inform you that, so far as free board is concerned, no adjustments would be admissible in the scale of pay laid down in the relevant Indian Army regulations were the Aide-de-Camp to be given free board. So far as free lodging is concerned, I am to invite attention to the fact that the governing Army Instruction (India) (Special No. 1 of 1925), copy of which was enclosed in my letter of 30th March,‡ definitely states in the note to the table in question that the rates of lodging allowance shown will be admissible, irrespective of whether the holders are provided with free quarters or not. In these circumstances, it would not appear that any adjustments would be admissible under Indian Army Regulations should the Aide-de-Camp in fact be provided with free board and lodging.

The Secretary of State notes the decision of the Secretary of State for the Colonies in regard to the salary to be granted to Captain G. V. Ropner, and in the letter of which a copy is enclosed the Government of India are being invited to take the necessary action on this, as on the other points covered by the present correspondence.

I am, &c.,
P. J. PATRICK.

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* C. 69283/29 [No. 1]: not printed. † No. 123. ‡ C. 69283/29 [No. 1]: not printed.

Enclosure in No. 124.

SIR, India Office, Whitehall, London, S.W.1, 6th June, 1929.

IN reply to your letter of the 28th February, on the question of the emoluments of the Aide-de-Camp to the Resident at Aden, I am directed by the Secretary of State for India to forward, for the information of the Government of India, and for such action as may be necessary, copy of correspondence with the Colonial Office regarding the various points raised by the Accountant-General, Bombay.

I am, &c.,
P. J. PATRICK.

The Secretary to the
Government of India,
Foreign and Political Department,
Simla.

(v) Superintendent, Residency Office.

C. 59294/28 [No. 9].

No. 125.

MR. L. D. WAKELY (INDIA OFFICE) to THE SECRETARY TO GOVERNMENT OF INDIA.

(Received in Colonial Office 10th May, 1928.)

SIR, India Office, Whitehall, London, S.W.1, 10th May, 1928.

WITH reference to your letter of the 2nd February, 1928, No. 665-E, regarding the revision of the pay of the Superintendent, Aden Residency Office, I am directed by the Secretary of State in Council to inform you that, after consultation with the Secretary of State for the Colonies, he approves the Government of India's proposal that the scale of pay should be increased to Rs 400-25-700 per mensem, and that the present incumbent should be allowed to enter this scale on Rs. 650 from the 1st April, 1927.

A copy of letters* from the Colonial Office is enclosed for the information of the Government of India. A copy of the letter† to which they reply was forwarded by the mail of 22nd March.

I am, &c.,
L. D. WAKELY

(vi) Appointment of a Stenographer, Residency Office.

C. 69270/29 [No. 12].

No. 126.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 129.]

SIR, India Office, Whitehall, London, S.W.1, 19th August, 1929.

I AM directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, copy of correspondence with the Government of India relative to the appointment of a stenographer for the Residency Office at Aden. Mr. Benn agrees with the Indian authorities that the proposal is reasonable, and he trusts that Lord Passfield will share this view, and will be prepared to accept a moiety of the expenditure involved as a charge on Imperial revenues. It will be seen that the proposed allocation of expenditure is as recommended by the Resident.

I am, &c.,
P. J. PATRICK.

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* C. 59294/28 [No. 5] and C. 59294/28 [No. 7] : not printed. † C. 59294/28 [No. 3] : not printed.

Enclosure in No. 126.

THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA TO HIS MAJESTY'S UNDER-SECRETARY OF STATE FOR INDIA, LONDON.

SIR, Dated Simla, the 11th July, 1929.

Appointment of a Stenographer for the Residency Office at Aden.

I AM directed to forward a copy of a letter from the Government of Bombay, Political Department, dated the 4th May, 1929, with enclosures, regarding the proposed creation of an appointment of a Stenographer for the Residency Office, Aden, on the terms outlined in that letter. The Government of India agree with the recommendations of the Bombay Government and I am to request that His Majesty's Government may kindly be moved to sanction the proposal. The expenditure will be divisible in moieties between Home and Indian revenues.

I have, &c.,
V. NARAHARI RAO,
for Foreign Secretary to the Government of India.

(No. 6103-D.)

J. R. MARTIN, ESQUIRE, C.I.E., CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, TO THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

SIR, Political Department, Bombay Castle, 4th May, 1929

Subject:—Creation of an appointment of a Stenographer for the Residency Office, Aden.

I AM directed by the Governor in Council to forward a copy of the marginally noted correspondence regarding the creation of an appointment of a Stenographer for the Residency Office, Aden, and to state that in view of the reasons given in the Resident's letter of the 26th January, 1929, the Government of Bombay support the proposal and suggest the folllowing terms, viz. :—

Letter from the Resident and Commander-in-Chief, Aden, No. A/44-559, dated the 26th January, 1929.
Letter to the Resident and Commander-in-Chief, Aden, No. 6103-D, dated the 7th February, 1929.
Letter from the Resident and Commander-in-Chief, Aden, No. A/83/1207, dated the 22nd February, 1929.

(1) Pay ... ... Rs. 200—10—300
(2) House Rent Allowance ... ... Rs. 30 *per mensem.*
(3) Grant of free passages to the officer and his family—
  (*a*) on joining appointment, and
  (*b*) once in four years, or when going on leave on medical certificate.

These terms are in the opinion of the Governor in Council the minimum that should be offered to secure the services of a properly qualified and thoroughly trustworthy candidate. The need for a Stenographer is obvious and I am to request that the Government of India may be moved to sanction it on the understanding that the cost involved will be shared equally with the Colonial Office.

I have, &c.,
J. R. MARTIN,
Chief Secretary to the Government of Bombay,
Political Department.

(No. A/44-559.)

SIR STEWART SYMES, K.B.E., C.M.G., D.S.O., RESIDENT AND COMMANDER-IN-CHIEF, ADEN, TO THE CHIEF SECRETARY TO GOVERNMENT, POLITICAL DEPARTMENT, BOMBAY.

SIR, Residency Office, Aden, the 26th January, 1929.

Subject:—Appointment of a Stenographer-typist for the Residency Office, Aden.

AFTER six months' experience of local conditions here I have the honour to represent very urgently the need for a competent Stenographer-typist in English for this Residency Office.

2. The waste of time and superfluous labour entailed to me and my principal assistants by the absence of anyone capable of taking down and typing letters and minutes of instruction is really considerable and very uneconomical in the public service.

3. I have tried to obtain or train a clerk locally for the purpose, but without success, and I ask therefore whether it will be possible to detail or post permanently here from India a Stenographer-typist, perferably one who would be willing, in his spare time, to give instruction in his art to one or two of the present office clerks.

I have, &c.,
G. S. SYMES,
Resident, &c.

(No. 6103-D.)

J. R. MARTIN, ESQUIRE, C.I.E., CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, TO THE RESIDENT AND COMMANDER-IN-CHIEF, ADEN.

SIR, Political Department, Bombay Castle, 7th February, 1929.

Subject:—Appointment of a Stenographer-typist for the Residency Office, Aden.

WITH reference to your letter No. A-44-559, dated the 26th January, 1929, I am directed by the Governor in Council to inquire whether it is proposed to create a temporary or a permanent appointment of Steno-typist in the Residency Office and what pay you are prepared to offer. I am also to ask whether the appointment will be wholly civil or wholly political; if combined, the proportion in which the expenditure should be shared by the respective Governments may kindly be stated. Meanwhile, inquiries are being made with a view to find a suitable man.

I have, &c.
J. R. MARTIN,
Chief Secretary to the Government of Bombay,
Political Department.

(No. A/83/1207.)

SIR STEWART SYMES, K.B.E., C.M.G., D.S.O., RESIDENT AND COMMANDER-IN-CHIEF, ADEN, TO THE CHIEF SECRETARY TO GOVERNMENT, POLITICAL DEPARTMENT, BOMBAY.

SIR, The Residency, Aden, 22nd February, 1929.

Subject:—Appointment of a Stenographer for the Residency Office, Aden.

I HAVE the honour to refer to your letter No. 6103-D, dated the 7th February, 1929, and to state that the appointment of a Steno-typist in the Residency Office should in my opinion be a permanent one. I am not in a position to say what pay should be offered in order to secure the services of a technically qualified and, having regard to the confidential nature of much of the work, thoroughly trustworthy candidate. The pay of selection grades in this office is Rs. 200—10—300, and the next lower grade is Rs. 150—5—180.

The appointment should be in addition to the existing staff, which is fully employed. The Steno-typist's work will be partly civil and partly political, and the expenditure should, I suggest, be divided equally between the Indian Government and the Colonial Office.

I have, &c.,
G. S. SYMES,
Resident, &c.

C. 69270/29 [No. 13].

No. 127.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 128.]

SIR, Downing Street, 6th September, 1929.

I AM directed by Lord Passfield to inform you that the Secretary of State for India has addressed this Office on the subject of the appointment of a Stenographer for the Residency Office at Aden. The Resident has represented the very urgent need for a competent Stenographer-typist in English, and states that the waste of time and the superfluous labour entailed to him and to his principal assistants by the absence of anyone capable of taking down and typing letters and minutes of instruction is considerable and most uneconomical in the public service. Sir S. Symes has tried to obtain or train a clerk locally for the purpose but without success, and it is proposed that a permanent appointment of Stenographer in the Residency Office should be created in addition to the existing staff which is already fully employed. The Stenographer's work would be partly civil and partly political, and the Resident suggests that the expenditure should be divided equally between the Government of India and His Majesty's Government.

2. The pay of selection grades in the Resident's Office is Rs. 200—10—300 *per mensem*, and the next lower grade is Rs. 150—5—180.

It is suggested, therefore, that the following terms might be adopted:—

(1) Pay: Rs. 200—10—300,
(2) House Rent allowance Rs. 30 *per mensem*,
(3) Grant of free passages to the officer and his family,
  (*a*) on joining appointment; and
  (*b*) once in 4 years or when going on leave on medical certificate.

These terms are proposed by the Bombay Government, who consider them the minimum that should be offered to secure the services of a properly qualified and thoroughly trustworthy candidate. The Government of India agree with the recommendations which, in the opinion of the Secretary of State for India, are reasonable, and I am to request that Their Lordships may be moved to accept a moiety of the expenditure involved as a charge on Imperial revenues.

I am, &c.
F. J. HOWARD.

C. 69270/29 [No. 14].

No. 128.

TREASURY to COLONIAL OFFICE.

(E. 19607.)

SIR, Treasury Chambers, 16th September, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Howard's letter of the 6th instant,* relative to the proposed addition to the staff of the Residency Office at Aden of a Stenographer on the scale Rs. 200—10—300 *per mensem*, plus rent allowance of Rs. 30 *per mensem* and certain free passages.

In reply I am to request you to inform the Secretary of State for the Colonies that My Lords sanction the charge to Imperial revenues of a moiety of the expenditure involved by this proposal.

I am, &c.,
G. C. UPCOTT.

C. 69270/29 [No. 15].

No. 129.

COLONIAL OFFICE to INDIA OFFICE

SIR, Downing Street, 27th September, 1929.

I AM directed by Lord Passfield to refer to Mr. Patrick's letter of the 19th of August,† regarding the appointment of a Stenographer for the Residency Office at

* No. 127. † No. 126.

Aden, and to request that you will inform Mr. Secretary Benn that Lord Passfield agrees to the proposal of the Indian Government in this connection. A moiety of the expenditure involved will be accepted as a charge against Imperial revenues.

I am, &c.,
F. J. HOWARD.

C. 69270/29 [No. 16].

No. 130.

INDIA OFFICE to THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

(Copy received in Colonial Office, 24th October, 1929.)

SIR, India Office, Whitehall, London, S.W.1, 24th October, 1929.

IN reply to Foreign Department letter, No. F 20 (5)-E/29, dated the 11th July,* I am directed by the Secretary of State for India in Council to forward, for the information of the Government of India, copy of a letter from the Colonial Office,† and to inform you that, in view of Colonial Office concurrence, he sanctions the proposed creation of an appointment of Stenographer for the Residency Office, Aden, on the terms recommended by the Government of India.

I am, &c.,
J. C. WALTON

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3. RESIDENCY FURNITURE.

C. 59292/28 [No. 1].

No. 131.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 3.30 p.m., 8th February, 1928.)

TELEGRAM

[*Answered by No.* 132.]

PLEASE send by mail as soon as possible particulars and dimensions of rooms and any further information regarding Residency likely to be useful to new Governor including position regarding furniture, plate, linen, &c., and servants.—AMERY.

C. 59292/28 [No. 2].

No. 132.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 27th February 1928.)

(No. 30.)

SIR, Aden Residency, 14th February, 1928.

I HAVE the honour to refer to your telegram of the 8th February‡ on the subject of the Residency, &c.

I am enclosing a line plan§ of the Residency showing measurements of rooms and as far as possible other particulars.

Rental has to be paid to Bombay Public Works Department of Rs. 89 per mensem for the building, and Rs.80 per mensem for rent of electrical installation and current provided total consumption in the month does not exceed 200 units.

No furniture is provided. That in the house has been hired for many years from a local firm, and passed on from Resident to Resident. Its condition is not

* Enclosure in No. 126. † No. 129 ‡ No. 131. § Not reproduced.

good. Monthly rental Rs. 80. Drawing room furniture was re-covered by me but new Governor will probably prefer to provide new covers. From 80 to 100 yards of double width material will be necessary. Dust is considerable and pervades the house; this should be considered in selecting pattern.

Some carpets and rugs are included in above furniture. They are practically worn out, and should be replaced. The firm to whom these articles belong is not inclined to do anything in this way.

As regards plate, apart from spoons and forks and a tea set there is none The articles mentioned are included in the furniture for which rent is paid. There is no linen of any sort. This must be brought and should, if it is desired to use cloths, include one or more table cloths of a size suitable for a table to seat up to thirty. Incomplete sets of china, crockery and glass are also included in the furniture, and are not of a quality to justify pride.

Servants.—Some are local Arabs highly paid for their poor quality. A Goanese butler and cook, both good, are in my employment and in reply to my enquiries state that they are willing to transfer their services to the new Resident. Their rates of pay are 50 and 80 rupees a month. My personal servant will not stay, all others will be prepared to carry on again. Local servants can be found, but their rates of pay are high. A list* is attached showing amounts which I have to pay.

I shall be glad to give any more information which would be of use. I would strongly recommend that the new Governor should bring with him and install a "Frigidaire" or similar cold storage device. It will pay for itself within a period of two to three years in economy effected.

There is a tennis-court, the cost of maintenance and repair of which falls on the Resident—roughly about Rs.300 per annum.

A bathing pool has been recently enclosed by me in wire netting. There will be some expense in its maintenance, if the new Governor wishes to keep it up. Probably something under Rs. 100 will require to be spent in May.

I have, &c ,
K. STEWART, Major-General,
Political Resident, Aden.

C. 59292/28 [No. 7].

No. 133

THE SECRETARY OF STATE FOR INDIA to THE VICEROY.

(Received in Colonial Office 12th April, 1928.)

TELEGRAM.

[*Answered by No.* 134.]

812. 26TH MARCH. Foreign and Political Department. Colonial Office have raised question of furnishing of Aden Residency, in view of fact that under Colonial Regulations Government houses of this standing are furnished and equipped on scale shown in paragraphs 389 to 395 of Colonial Regulations.

His Majesty's Government are prepared to co-operate in installation and renewal grant within reasonable limits and, having regard to Colonial practice, to fact that first incumbent under new system will come from Colonial Service, and to condition of Residency—*see* Stewart's letter of 14th February† to the Colonial Office, copy by mail of 15th March—some concession on these lines is, I think, essential. Please telegraph urgently whether you agree and, if so arrange with Bombay to submit proposals, after consultation with new Resident, for equipment of Residency, to include furniture, linen, crockery and cutlery. Resident might be required to pay yearly rental for furniture, &c., supplied for personal use on scale applicable under Colonial Regulation 389.

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* Not printed. † No. 132.

C. 59292/28 [No. 7A].

No. 134.

THE VICEROY, FOREIGN AND POLITICAL DEPARTMENT to THE SECRETARY OF STATE FOR INDIA.

(Received in Colonial Office 12th April, 1928.)

TELEGRAM.

758-S., 10TH APRIL. Your telegram of 26th March, 812.* We agree. Bombay asked to submit proposal.

C. 59292/28 [No. 15].

No. 135.

MR. F. J. HOWARD (COLONIAL OFFICE) to
LIEUTENANT-COLONEL SIR G. S. SYMES.

[*Answered by No.* 141.]

SIR, Downing Street, 13th June, 1928.

I AM directed by Mr. Secretary Amery to refer to the recommendation of Major-General Sir K. Stewart that a "frigidaire" or similar cold storage device should be installed in the Residency at Aden, and to inform you that, with the concurrence of the Secretary of State for India, Mr. Amery approves of your proceeding with the purchase of the apparatus and having it despatched to Aden.

I am, &c.,
F. J. HOWARD.

C. 59292/28 [No. 18].

No. 136.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 19th June, 1928.

WITH reference to previous discussion in the Aden Standing Committee and to telegraphic correspondence with the Government of India, of which copies have been furnished to your Department, I am directed by the Secretary of State for India to forward for the information of Mr. Secretary Amery the enclosed copy of a telegram which has been received from the Government of India relative to the arrangements for furnishing the Residency at Aden.

Lord Birkenhead understands that the Colonial Office practice in this matter is not to provide a lump sum for furnishing, &c., but to authorise the provision and replacement at certain intervals of a variety of articles at the public expense. He agrees, however, with the Government of Bombay and the Government of India on the principle underlying their proposal, viz., that in existing circumstances it will be simplest in regard to the furnishing of the Residency at Aden, that the Colonial Regulations shall be applied as they would be in the case of a Colonial Government House of similar standing, on the understanding that, like the pay and the passage allowance of the Resident, the expenditure (of which he would be glad to have an approximate estimate at an early date) is divided equally between Indian and Imperial revenues, His Lordship supports the proposal of the Government of India. In this connection, I am to say that it is understood that, under Colonial Regulation 389, the Resident will be required to pay a yearly rental at the rates therein set out for the furniture, &c., supplied for his personal use.

I am, &c.,
L. D. WAKELY.

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* No. 133

276

Enclosure in No. 136.

THE VICEROY, SIMLA, to THE SECRETARY OF STATE FOR INDIA.

(Received 10 p.m., 8th June, 1928.)

TELEGRAM.

8TH JUNE. 1157-S. Your telegram of the 6th ultimo, 1233. Following from Bombay, 3rd June, 5623 D. *Begins:* Your telegram of the 10th ultimo, 950. Aden Residency furniture. Following telegram from Resident at Aden:—*Begins:* "I propose that whatever sum is provided by Colonial Office for furnishing, &c., of similar Residencies under them, *e.g.*, Government House, British Somaliland, be suggested to Secretary of State as suitable for Aden. Colonel Symes, now in England, where furniture can be best procured, and who will be occupying Residency, can then choose his furniture up to amount allowed. Colonial Office have been sent plan(s) of the Residency, and General Stewart, who is also in England, would, I am sure, give his advice."—*Ends.* Government of Bombay concur in Resident's suggestion.—*Ends* We concur.

C. 59292/28 [No. 21].

No. 137.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 13th August, 1928.)

(No. A/5322.)

SIR, Residency Office, Aden, 1st August, 1928.

I HAVE the honour to report briefly on the state of this Residency building and its furniture.

The main block, which is connected by a continuous passage, closed in by trellis work, with annexes in which are the quarters of the A.D.C. and guest rooms for a married couple, was built as a summer cottage for Residents who formerly lived at the Crater.

It consists of three bed or dressing rooms, with two bath rooms, w.c.'s, and roof sleeping "cages" attached; and has been enclosed by a spacious verandah which has been divided into a dining hall, reception hall, lounge, and servants' offices. These arrangements, while reflecting the idiosyncrasies of past Residents, have been made with regard to local climatic conditions which require that a house shall be open to all breezes and, only as far as is compatible with this, dust and glare proof. The result is a building of curiously barn-like appearance which is incredibly dingy but, on the whole, not unserviceable.

This dinginess of aspect can be remedied to some extent, and an office (former Residents have done most of their work at Brigade Headquarters) constructed in a corner of the verandah at small cost. This work is already in hand and can be paid for, for the most part, out of an existing maintenance vote, but a small additional grant will probably be necessary. I am reporting details and estimates of cost to the Bombay Government.

2. The furniture has, as you are aware, been hired at a charge of Rs.80/- a month from a local firm. There is more of it than I expected, but its general state of repair is bad and most of it is unsuitable as well as ugly.

If this firm are prepared to sell certain articles at a reasonable figure, it may be more economical to purchase them and arrange for their repair locally than to replace them from abroad. I will report on this question when I have gone into it in more detail, and also supply a list of furniture which it will be necessary to obtain from England and elsewhere.

Meanwhile, I have had to order from a local industrial school an office table and filing cupboard in which papers can be securely locked. These are required for my immediate use.

3 The following will be necessary in any case and I should be grateful if orders could be placed in London for them to be sent out as soon as possible:—

Cutlery, *glass* and *china*, sufficient for twelve persons at breakfast, 24-30 persons for lunch and dinner, and 40 persons for afternoon tea: the glass and china should be on the heavy side as tables here are liable to be wind-swept.

Linen is entirely lacking, and I am supplying my own for the present. I shall be obliged if an order for table linen as above may be given, together with *household* and *bed linen* sufficient for 8 persons, and also 1 dozen blankets. The linen should be calculated on a liberal scale as the damp heat of Aden necessitates very frequent renewals.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

Copies forwarded to:—
The Secretary to the Government of India, Foreign and Political Department, Simla.
The Chief Secretary to Government, Political Department, Bombay.

C. 59292/28 [No. 22].

No. 138.

COLONIAL OFFICE to CROWN AGENTS FOR THE COLONIES.

GENTLEMEN, Downing Street, 20th August, 1928.

I AM directed by Mr. Secretary Amery to request you to obtain an estimate of the cost of the following articles which are required by the Resident at Aden:—

(1) Cutlery, glass, and china, sufficient for twelve persons at breakfast, 24-30 persons for lunch and dinner, and 40 persons for afternoon tea: the glass and china should be on the heavy side as tables are liable to be wind-swept.

(2) Linen. Table linen as above, together with household and bed linen sufficient for 8 persons, and one dozen blankets. The linen should be calculated on a liberal scale, as the damp heat of Aden necessitates very frequent renewals

2. The estimates should include the cost of forwarding the articles to Aden together with your commission.

I am, &c.,
A. J. HARDING.

C. 59292/28 [No. 33].

No. 139.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 3rd September, 1928.)

[*Answered by Nos.* 143 *and* 149.]

(No. 150.)

SIR, Residency Office, Aden, 22nd August, 1928.

IN continuation of my letter No. A-5322 dated 1st August, 1928,* I have the honour to report on the question of furniture for this Residency. A plan† of the house is attached. You will observe that it consists of a main block containing 3 rooms, with bath-rooms and w.c.'s attached, and a large verandah, partially covered in with wooden trellis work, which has been partitioned into sections for use as dining and drawing rooms, office, hall and lounge; a guests' annexe of one double bed-room, bath-rooms and verandah; and an A.D.C.'s quarter with an office and living rooms.

The plan looks clumsy to an European eye, but is on the whole well adapted to a climate in which airy rooms are essential to comfort; and protection from dust storms, which occur fairly frequently, and from glare, are secondary (but not unimportant) considerations. The house is connected with the Settlement Electric Installation and is provided with sufficiently good light and fans. The servants' quarters are adequate. I have initiated certain works which will not be costly, and which for the most part can be paid from an existing maintenance vote, which will improve the Resident's office in the south-east corner of the verandah and also the general aspect, internal and external, of the main block, which was untidy and almost forbidding in appearance. The chief requirement now is for new furniture. That which is and has been for

* No. 137. † Not reproduced.

many years past in the house, hired from a local firm for Rs.80 a month, is dilapidated and very ugly. A few miscellaneous pieces are worth while purchasing if the firm are willing to sell them at a reasonable price, and between £60 and £70 should be allotted for this purpose. There is no furniture industry at Aden, but local workshops are capable of making cupboards and fittings, several of them fixtures, required for the kitchen, pantry, &c., and an estimate of cost I have had prepared shows that from £45—£50 will be required. Thus local purchases—of old and new furniture—will not exceed £120 and I shall be glad to receive your permission to incur expenditure up to this amount.

The rest of the furniture will have to be purchased in, and despatched from, England. I attach lists* of the articles required and have given brief descriptions which may, I trust, be of assistance in deciding what is suitable. I would request that, if possible, Lady Symes, whose permanent address is at "Ayres End, Harpenden, Herts," may be consulted before orders for suites, &c., are actually placed. I shall also be grateful for any information you may be able to give me as to when I may expect the first consignment of furniture to arrive here.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

(Copies of this letter have been sent to the Governments of India and Bombay.)

C. 59292/28 [No. 39].

No. 140.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 24th September, 1928.)

[*Answered by No.* 162.]

(No. 167.)

SIR, Residency Office, Aden, 10th September, 1928.

I HAVE the honour to address you on the subject of the rental charges for furniture in this Residency. It was arranged on my appointment that the house should be furnished in accordance with Colonial Regulation No. 389, and I was asked, when in London last June, to make the necessary arrangements with the Crown Agents. As I had never seen the house and had no precise information as to what furniture might advantageously be purchased locally, I suggested that an order for furniture should not be placed until after my arrival in Aden, and that the hired furniture used by my predecessor should be retained until such time as the replacement was effected. I have since (see my letter No. 150 dated the 22nd August, 1928†) submitted detailed recommendations for the furniture that will be required. Meanwhile, rent for the hired furniture is being charged, by the local firm who supply it, at the rate of Rs. 80 per month. I am paying these bills but submit that it is inconsistent with the terms of my appointment that I should do so. I would ask therefore if the monthly rent for the furniture hired since 15th July last may be refunded to me either wholly or in part If it is desired that I should pay for the hire of the part of the furniture in bedrooms, kitchens, &c , I suggest that one-eighth of the monthly rent, *i.e.*, Rs. 10, would be a fair proportion.

I have, &c..
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

(Copies of this letter have been sent to the Governments of India and Bombay.)

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* Not printed. † No. 139.

C. 59292/28 [No. 40].

No. 141.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 24th September, 1928.)

(No. 171.)

SIR, Residency Office, Aden, 12th September, 1928.

WITH reference to Mr. Howard's letter dated the 13th June, 1928,* I have the honour to inform you that a " frigidaire " has been installed in the Residency at Aden at a cost of Rs. 1,215/-, equivalent to £91 2s. 6d. I submit the bill† for the amount, and shall be grateful if orders can be issued at an early date authorising payment from the Aden Treasury.

I have, &c.,
T. C. FOWLE
(for Resident and Commander-in-Chief, Aden).

(Copies of this letter have been sent to the Governments of India and Bombay.)

C. 59292/28 [No. 42].

No. 142.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 10.58 a.m., 9th October, 1928.)

TELEGRAM.

[*Answered by No.* 143.]

No. 181. 9TH OCTOBER. My despatch of 22nd August, No. 150.‡ Furniture for Residency. Grateful for authority to make local purchases not exceeding £120.

C. 59292/28 [No. 43].

No. 143

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 11 30 a.m., 12th October, 1928.)

TELEGRAM.

YOUR telegram of 9th October, No. 181.§ Furniture. I approve.—AMERY.

C. 59292/28 [No. 51].

No. 144.

COLONIAL OFFICE to OFFICE OF WORKS

[*Answered by No.* 152.]

SIR, Downing Street, 25th October, 1928.

I AM directed by Mr. Secretary Amery to transmit to you herewith, for the information of the First Commissioner, a copy of a despatch from the Resident and Commander-in-Chief at Aden, dated the 22nd of August, 1928,‡ on the question of furniture for the Residency. A list† of the furniture required is also attached.

2. I am to explain that, with effect from the 1st of April, 1927, responsibility for the political and military administration of Aden was vested in the Secretary of State for the Colonies, and the cost of the furniture for the Residency is borne equally by His Majesty's Government and the Government of India.

* No. 135. † Not printed. ‡ No. 139. § No. 142.

3. I am to say that Mr. Amery would be grateful if the task of furnishing the Residency might in these circumstances be undertaken by your Department as a repayment service, and to request that an estimate of the cost might be furnished, as soon as possible, in order to save further cost of hiring furniture locally. I am to add that the matter has been semi-officially discussed between the Controller of Supplies and a member of this Department.

I am, &c.,
F. J. HOWARD.

C. 59292/28 [No. 54].

No. 145.

MR. L. S. AMERY (COLONIAL OFFICE)

to

SIR ATUL CHATTERJEE (HIGH COMMISSIONER FOR INDIA).

[*Answered by No.* 146.]

MY DEAR SIR ATUL, Downing Street, 1st November, 1928.

YOU are doubtless aware that certain changes, involving a closer connection with the Colonial Office, have recently been made in respect of the administration of Aden. It is on a point of detail arising out of these changes that I am now writing to you. Hitherto the furniture of the Aden Residency has been supplied by local hire purchase. It has now been agreed with the Government of India that the house should be properly furnished, and the Resident has accordingly submitted an indent for furniture, which is being executed by His Majesty's Office of Works.

The suggestion has been made to me that you might possibly be prepared to supply some Indian timber of a suitable kind, *e.g.*, koko or laurel, for the manufacture of this furniture. I am advised that the woods which I have mentioned would be quite suitable for the purpose, and could be readily made up in the style which the Resident desires. The other day at Messrs. Shoolbreds Exhibition of Empire furniture I saw some beautiful things in various Indian woods. You did, I believe, furnish Indian wood for some of the suites in the League of Nations' Office at Geneva. I am always anxious to make use of Empire products, whenever it is practicable, and in the case of Aden the supply of Indian wood would, as I hope you will agree, be specially appropriate.

I should be grateful if you could let me know as soon as possible how the suggestion strikes you and whether you could see your way to help us in the matter. I do not know on what terms your wood was supplied to Geneva, but, as regards Aden, I might explain that the cost of furnishing the Residency is to be borne in equal shares by the British and Indian Governments.

If you would like any further details as to what is required, I would suggest that one of your officers might put himself in direct communication with the Controller of Supplies, Office of Works, who is aware that I am writing to you on the subject.

Yours sincerely,
L. S. AMERY.

C. 59292/28 [No. 64].

No. 146.

SIR ATUL CHATTERJEE (HIGH COMMISSIONER FOR INDIA)

to

MR. L. S. AMERY (COLONIAL OFFICE).

42, Grosvenor Gardens, London, S.W.1,
5th November, 1928.

DEAR MR. AMERY,

I AM greatly obliged to you for your letter of the 1st November* on the subject of the furniture of the Aden Residency. It will give me very great pleasure to co-operate with the Colonial Office in this matter We may have to obtain the approval of the Government of India, and there may be some points to be adjusted in regard

* No. 145.

to procedure. As suggested by you, it would be useful for one of my officers to discuss the question with the Controller of Supplies, Office of Works, and I am accordingly arranging for Mr. Edie, who is Acting Timber Adviser on my staff, to see the Controller of Supplies. I hope to write to you again after the discussion has made some progress.

With very kind regards,
Yours sincerely,
ATUL C. CHATTERJEE.

C. 59292/28 [No. 63].

No. 147.

MR. F. J. HOWARD (COLONIAL OFFICE)
to
MR. L. CUTHBERTSON (TREASURY).

[*Answered by No.* 148.]

DEAR CUTHBERTSON, Downing Street, 8th November, 1928.

You will probably remember my speaking to you some little while ago about the question of the furniture for the Aden Residency, a moiety of the cost of which falls on the Middle Eastern Services Vote, the other moiety being borne by the Government of India. You will probably remember also that I showed you the tenders for (*a*) table and bed linen, &c.; (*b*) cutlery, glass and china, which had been obtained by the Crown Agents, and you asked that they might be sent over to the Office of Works for their opinion as to quantity and price.

I enclose,* in original, for early return, please—

(1) a list of the bed and table linen amounting to £340;
(2) a list of cutlery (Mappin and Webb), cost £114 including Crown Agents' charges;
(3) a list of china (George Jones and Sons), cost £130, including Crown Agents' charges;
(4) a list of glass (T. Webb and Sons), cost £31;
(5) a list of glass (alternative quotation) in a better pattern, cost £56.

I also send, in original,† the opinion of the Controller of Supplies, Office of Works, in which he states that, "Assuming that the material is of good quality, in my opinion, the prices may be regarded as reasonable, and I do not think that the quantities are excessive for a house of this character." Also a letter from Mr. Laithwaite,‡ in original, in which the India Office are prepared, subject to the approval of the Treasury, to concur in the placing of orders on the basis of the estimates. You will note that the India Office do not object to the purchase of the more expensive quality of glass if you agree.

I should be grateful if you would let me have a reply at the earliest possible moment signifying your concurrence in order that the placing of the orders may be proceeded with by the Crown Agents and the articles shipped.

As regards furniture, you are aware that we have transferred the execution of the demand from the Crown Agents to the Office of Works, who are proceeding with the matter as expeditiously as possible. In this connection, I enclose a copy of a letter§ which has been sent to the High Commissioner for India suggesting that he might be able to supply some of the wood. We hope that the Office of Works will be able to secure considerable reduction on the estimate submitted to the Crown Agents by Messrs. Maple, which, I understand, amounted to over £2,000. I presume that, in the circumstances, you will not require us to write officially.

Copies of any of the enclosures which you may desire can be sent to you as soon as you return the originals.

Yours sincerely,
F. J. HOWARD.

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* Not printed. † Not printed. ‡ C. 59292/28 [No. 62]: not printed. § No. 145.

C. 59292/28 [No. 66].

No. 148.

MR. L. CUTHBERTSON (TREASURY)
to
MR. F. J. HOWARD (COLONIAL OFFICE).

DEAR HOWARD, Treasury Chambers, Whitehall, S.W.1, 10th November, 1928.

I RETURN herewith the schedules of the proposed purchases for the Aden Residency, together with the relevant correspondence.

So far as I can judge, and largely on the evidence of the Office of Works particularly with regard to prices, the schedules are satisfactory and the Treasury will agree. We will also not be behind the India Office in agreeing to the more expensive quality of the glass.

Yours sincerely,
L. CUTHBERTSON.

C. 59292/28 [No. 68].

No. 149.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 6.30 p.m., 13th November, 1928.)

TELEGRAM.

[*Answered by No.* 150.]

YOUR despatch of 22nd August, No. 150.* Furniture for Residency. Question has been raised whether oak is likely to withstand climate and attack by insects. Would not mahogany be preferable? Is it necessary to provide large Axminster squares of the sizes detailed in your schedule? It is suggested that rugs would be preferable under the climatic conditions.—AMERY.

C. 59292/28 [No. 69].

No. 150.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 2.48 p.m., 14th November, 1928.)

TELEGRAM.

No. 214. 14TH NOVEMBER. Your telegram of 13th November.† Oak withstands climate and local insects. Axminster square not necessary but preferable.

C. 59292/28 [No. 73].

No. 151.

SIR ATUL CHATTERJEE (HIGH COMMISSIONER FOR INDIA)
to
MR. L. S. AMERY (COLONIAL OFFICE).

42, Grosvenor Gardens, London, S.W.1,
DEAR MR. AMERY, 7th December, 1928.

IN continuation of my letter to you of the 5th November, 1928,‡ on the subject of the proposal to supply furniture of Indian timber for the Aden Residency, I am

* No. 139. † No. 149. ‡ No. 146.

very glad to say that the Government of India have now authorised me to co-operate with the Colonial Office in the matter. I am now making inquiries whether suitable wood is available in this country, and as soon as I am certain on this point I shall have much pleasure in arranging for the necessary supplies to be made in consultation with the Office of Works.

With very kind regards,
Yours sincerely,
ATUL C. CHATTERJEE.

C. 59292/28 [No. 76].

No. 152.

OFFICE OF WORKS to COLONIAL OFFICE.

[*Answered by No.* 158.]

SIR, Storey's Gate, Westminster, S.W.1, 20th December, 1928.

WITH reference to your communications of the 25th October* last and 6th ultimo,† regarding the supply of furniture for the Residency at Aden, I am directed by the First Commissioner of His Majesty's Works, &c., to state, for the information of Mr. Secretary Amery, that the Board would be prepared to undertake this service on the repayment basis.

2. The question of the use of Indian timber for the furniture for certain of the rooms of the Residency has been the subject of discussion by the Board's Controller of Supplies with Mr. Edie, the Acting Timber Adviser to the High Commissioner for India, and it is understood that, whilst the Indian Government agrees in principle to the supply of the necessary Indian timber for the furniture for the rooms in question, formal authority to release the timber cannot be given until definite particulars as to quantities and thicknesses of the timber required have been received. This information, however, can only be given when the designs and details have been prepared by the manufacturers.

3. A statement,‡ giving in detail the estimated cost of the furniture required, is enclosed, from which it will be seen that the total cost is estimated at £1,694 inclusive of packing and freight, but exclusive of the Board's usual agency charge of 7½ per cent. to cover overhead establishment expenses. The estimate has been framed upon the basis of selection from manufacturers' trade stocks, and it is not expected that the free supply of Indian timber will effect any material reduction, as its use will probably entail special designs and will, in any event, necessitate the special manufacture of the pieces of furniture, with resultant increased working costs consequent upon the extra difficulties in working the harder Indian timbers.

4. The Board will await your further instructions in the matter before making any supply arrangements.

I am, &c.,
H. L. DAVIS.

C. 59292/28. [Nos. 78 and 79].

No. 153.

COLONIAL OFFICE to [1] TREASURY [2] INDIA OFFICE.

[*Answered by Nos.* 154 *and* 155.]

SIR, Downing Street, 2nd January, 1929.

WITH reference to the letter from this Department of the 21st of August,§ I am directed by Mr. Secretary Amery to transmit to you, to be laid before [The Lords Commissioners of His Majesty's Treasury,] [Viscount Peel,] the accompanying copy of a letter,‖ with enclosure, which has been received from His Majesty's Office of Works regarding the supply of furniture for the Residency at Aden. It will be seen that the total cost of this service is estimated at £1,694 inclusive of packing and freight, but exclusive of the Board's usual agency charge of 7½ per cent. to cover overhead establishment expenses.

* No. 144. † C. 59292/28 [No. 61]: not printed. ‡ Not printed.
§ C. 59292/28 [Nos. 28 and 29]: not printed. ‖ No. 152.

2. I am to inquire whether [Their Lordships are] [Lord Peel is] prepared to agree that half the expenditure involved should be accepted as a charge against [British] [Indian] funds, and ask for the favour of a very early reply.

I am, &c.,
H. R. COWELL.

C. 69265/29 [No. 1].

No. 154.

TREASURY to COLONIAL OFFICE.

(S. 33540.)

SIR, Treasury Chambers, 15th January, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 2nd January, 1929,* and the accompanying copy of a letter,† with enclosure, from His Majesty's Office of Works regarding the supply of furniture for the Residency at Aden.

My Lords understand that the total cost of this service is estimated at £1,694 inclusive of packing and freight, but exclusive of the usual agency charge of 7½ per cent. to cover the overhead establishment expenses of the Office of Works, as compared with an estimate of over £2,000 submitted by Messrs. Maple Limited to the Crown Agents. I am to request you to inform Mr. Secretary Amery that, on the assumption that the Secretary of State for India in Council also approves the expenditure and agrees that one half should be met from Indian Funds, My Lords sanction meeting the other half of the total cost, including agency charges, from the Vote for Colonial and Middle East Services Sub-head F.2.

I am, &c.,
R. V. NIND HOPKINS.

C. 69265/29 [No. 4].

No. 155.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 25th January, 1929.

IN reply to Mr. Cowell's letter received on 2nd January* relative to the furnishing of the Residency at Aden, I am directed by the Secretary of State for India in Council to say that he notes that the total cost of this service is estimated at £1,694 inclusive of packing and freight, but exclusive of the Office of Works Agency charge of 7½ per cent.; and that no material reduction in this figure is expected to result from the free supply of material by the Government of India. Having regard to this latter consideration, Viscount Peel does not desire to press that the value of such material shall be taken into account in the division of expenditure, and, on the understanding that Mr. Secretary Amery is satisfied that the scale of equipment proposed is reasonable, he agrees that half of the expenditure involved, on the basis of the present estimate, shall be borne by Indian revenues.

2. A copy of this letter is being sent to the Treasury.

I am, &c.,
J. C. WALTON.

C. 59292/28. [Nos. 81 and 82].

No. 156.

COLONIAL OFFICE to [1] TREASURY [2] INDIA OFFICE.

[*Answered by Nos.* 160 *and* 159.]

SIR, Downing Street, 31st January, 1929.

I AM directed by Mr. Secretary Amery to transmit to you, to be laid before [The Lords Commissioners of the Treasury,] [Lord Peel,] the accompanying copy

* No. 153. † No. 152.

of a despatch* from the Resident at Aden in which he asks that he may be relieved of a large part, if not the whole, of the rental charges for furniture for the Aden Residency.

2. When Sir Stewart Symes was approached in regard to the appointment of Resident, he was informed that furniture was at the time hired by the Resident from a firm at Aden at a rent of Rs.80 a month, but that it was anticipated that some better arrangement would be made. Steps are now being taken to supply furniture for the Residency as a charge on Government funds, and it seems reasonable that the British and Indian Governments should bear, in equal shares, the cost of hiring furniture for the Residency in the meantime.

3. As regards the last part of Sir Stewart Symes' despatch, the Colonial Regulations previously provided that a Governor would pay five per cent. per annum on the estimated value of the furniture in rooms not used for the public reception of company, but this provision has been deleted from the revised Colonial Regulations which have recently been brought into force and there is now no provision requiring a Governor to pay any rent in respect of furniture supplied to a Government House. [*To* [2]: This question was referred to in your letter No. P. 2961 of the 19th June, 1928.†] Mr. Amery considers that the revised regulations should apply to Aden and that it would be invidious to require Sir S. Symes to bear the cost of the furniture of those rooms which are for his own personal use. He would suggest, therefore, that the cost of renting furniture for the Aden Residency pending the supply of Government furniture should be borne by Government funds.

4. I am, accordingly to inquire whether [The Lords Commissioners of the Treasury] [Lord Peel] [agree] [agrees] that the rent of the furniture hired for the Residency since the 15th of July last may be refunded to Sir S. Symes, and that the cost should be borne in equal moieties from British and Indian funds.

5. A similar letter is being addressed to the [India Office] [Treasury].

I am, &c.,
H. R. COWELL.

C. 69265/29 [No. 6].

No 157.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 4th February, 1929.)

[*Answered by No.* 162.]

(No. 10.)

SIR, Residency Office, Aden, 22nd January, 1929.

I HAVE the honour to refer to my letter No. 167 of the 10th of September last* and to say that as no furniture for this Residency has yet arrived from England, I am still hiring furniture at a cost of Rs.80 a month.

2. I shall be grateful for information as to the prospects of the new furniture being supplied at an early date, and also as to whether I may receive a refund of the whole or a part of my expenditure on hired furniture (I am using my own linen and plate) since the 15th of July.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69265/29 [No. 5].

No. 158.

COLONIAL OFFICE to OFFICE OF WORKS.

SIR, Downing Street, 5th February, 1929.

WITH reference to Mr. Davis's letter of the 20th of December‡ regarding the supply of furniture for the Residency at Aden, I am directed by Mr. Secretary Amery to inform you that, the Lords Commissioners of the Treasury, and the Secretary of

* No. 140. † No. 136. ‡ No. 152.

State for India have approved the expenditure estimated in that letter and agreed that it shall be borne, in equal moieties, by British and Indian funds.

2. I am accordingly to request you to proceed with the service and to arrange for supply and despatch to the Residency at the earliest possible date.

I am, &c.,
H. R. COWELL.

C. 69265/29 [No. 13].

No. 159.

INDIA OFFICE to COLONIAL OFFICE.

SIR, Whitehall, London, S.W.1, 20th February, 1929.

IN reply to Mr Cowell's letter of the 31st January,* I am directed by the Secretary of State for India in Council to inform you that, on the understanding that the Treasury approve, he agrees that the revised Colonial Regulations referred to should be applied in the manner proposed to the case of the Aden Residency, and further that the rent of the furniture hired for the Residency since the 15th July may be refunded to Sir Stewart Symes, the cost being borne in equal shares by British and Indian funds.

Copy of this letter is being sent to the Treasury.

I am, &c.,
J. C. WALTON.

C. 69265/29 [No. 14].

No. 160

TREASURY to COLONIAL OFFICE.

(S. 33540.)

SIR, Treasury Chambers, 23rd February, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 31st ultimo* and its accompanying copy of a despatch from the Resident at Aden in which he asks that he may be relieved of the rental charges for furniture for the Aden Residency.

In reply I am to request you to inform the Secretary of State for the Colonies that My Lords agree that the rent of the furniture hired for the Residency since the 15th of July last may be refunded to Sir S. Symes on the understanding that a moiety of the cost will be borne by the Government of India.

I am, &c.,
R. R. SCOTT.

C. 69265/29 [No. 12].

No. 161.

MEMORANDUM ON FURNITURE FOR ADEN RESIDENCY.

THE question of furnishing the Residency was discussed when Sir S. Symes was here last year, and it was decided that he should consult the Crown Agents and should then after his arrival in Aden forward the indent for the furniture he required. This was done, and the matter was put in the hands of the Crown Agents, who at Sir S. Symes' wish asked Lady Symes to select the furniture. She spent a week at Maples and selected what was required. At this stage, the Treasury intervened with the suggestion that the furniture should be supplied by the Office of Works. The latter was consulted accordingly, and it was found that they could provide what was required much more cheaply than Maples. There followed some discussion as to the kind of wood best suited to stand climatic conditions at Aden. The Office of Works suggested that Indian wood should be used; and eventually, after correspondence with the High Commissioner for India, this suggestion was adopted.

* No. 156.

It is hoped and believed that the Indian wood will prove most satisfactory in every way; but the decision to use it appears to have caused some additional delay in obtaining the furniture.

The Office of Works now state that some of the bedroom and kitchen furniture will be ready for shipment very shortly; but that the furniture for the dining and drawing rooms will not be ready for some 10 or 12 weeks. They explain that, but for the decision to use Indian wood, the order could have been completed more quickly.

26th February, 1929.

C. 69265/29 [No. 15].

No. 162.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 8.)

SIR, Downing Street, 6th March, 1929.

I HAVE the honour to refer to your despatch No. 167 of the 10th of September, 1928,* regarding the rental charges for furniture in the Residency at Aden.

2. After consultation with the Lords Commissioners of His Majesty's Treasury and the Secretary of State for India, it has been decided that the Revised Colonial Regulations, in which there is no provision requiring a Governor to pay any rent in respect of furniture supplied to a Government House, should apply to Aden. In these circumstances the rent of the furniture hired for the Residency since the 15th of July, 1928, should be refunded to you by the Treasury at Aden. Any sum so refunded to you should be treated as part of the divisible expenditure of the Protectorate, a moiety of the cost being borne by the Government of India.

I have, &c.,
L. S. AMERY.

C. 69265/29 [No. 31].

No. 163.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 8th April, 1929.)

(No. 47.)

SIR, The Residency, Aden, 25th March, 1929.

I HAVE the honour to enclose, for your information, notes† on the consignments of glass, plate, linen, china, &c., which have been received, checked, and taken into use in this Residency. All articles are of excellent quality.

2. You will observe that, despite apparently careful packing, a few articles arrived broken; and that identification of sundry articles under items 6 and 9 is not complete..

3. I would ask whether it will be possible to replace those articles which were broken, and to supply the additional requirements as specified under items 1 and 2.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69265/29 [No. 76].

No. 164.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 166.]

SIR, Downing Street, 7th September, 1929.

I AM directed by Lord Passfield to refer to the marginally noted semi-official correspondence with your Department regarding the supply of cutlery, glass, and linen required by Sir S. Symes, Resident at Aden, and to request you to inform the Lords Commissioners of the Treasury that the cost of supplying the articles originally ordered, including freight, and Crown Agents' departmental charges, amounted to £581 16s. 9d. This amount does not, however, take into account the cost of damask cloths estimated at

Mr. Howard to Mr. Cuthbertson, 8th November, 1928.‡
Mr. Cuthbertson to Mr. Howard, 10th November, 1928.§

* No. 140. † Not printed. ‡ No. 147. § No. 148.

£32 10s. 0d. which were included in the requisition, but which the Crown Agents have not taken steps to supply pending the receipt of a reply to a reference to Aden. As regards the glassware, I am to state that Lady Symes chose a more expensive pattern than the Crown Agents' standard pattern for Government Houses but, as it was understood from the above-quoted correspondence that no objection would be raised to meeting Lady Symes' wishes, the better type glass was supplied at an additional cost of approximately £20.

2. No account has yet been received of the cost of replacement of three articles, valued at approximately £2, which were broken in transit, or of certain additional articles to a value of approximately £16, required by the Resident to complete his equipment. In view of the negligible value of the breakages noted above, it is not proposed to note the loss in the Appropriation Account of the Vote for Colonial and Middle Eastern Services.

3. The total cost of supplying the articles in question to the Resident may therefore be expected to be approximately £632, as shown below:—

	£	s.	d.
Already claimed	581	16	9
Damask cloths	32	10	0
Additional equipment and replacements ...	18	0	0
	£632	6	9

as against the original estimate of £640. As the first item relates to the accounts of this Department for the year 1928, which are due to be closed as at 30th September, I am to ask that Their Lordships may now be moved to give Their covering sanction to the charge to Sub-head F.2 of the Vote for Colonial and Middle Eastern Services of a moiety of the total expenditure involved, on the understanding that the remaining moiety is met from Indian revenues.

I am, &c.
F. J. HOWARD.

C. 69265/29 [No. 77].

No. 165.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 11th September, 1929.

I AM directed by Lord Passfield to refer to the semi-official correspondence with your Department ending with the letter from Mr. Laithwaite to Mr. Howard of 27th May, 1929,* regarding the supply of cutlery, glass, and linen required by Sir S. Symes, Resident at Aden, and to request you to inform Mr. Secretary Wedgwood Benn that the cost of supplying the articles originally ordered, including freight, and Crown Agents' departmental charges, amounted to £581 16s. 9d. as shown on the enclosed copy of the Crown Agents' account.† This account does not, however, include (*a*) the cost of damask cloths of an estimated value of £32 10s., which were included in the requisition; (*b*) the cost of replacement of the small breakages which occurred in transit and several additional articles required by the Resident to complete his equipment, at a total cost of £18.

2. The total cost of supplying the Residency with these articles may therefore be expected to be approximately £632, as shown below:—

	£	s.	d.
(*a*) Already claimed	581	16	9
(*b*) Damask cloths	32	10	0
(*c*) Additional equipment and replacements ...	18	0	0
	£632	6	9

The Lords Commissioners of the Treasury are being asked to sanction a moiety of this expenditure being met by His Majesty's Government on condition that the remaining moiety will fall as a charge against Indian revenues.

On the assumption that Mr. Secretary Wedgwood Benn agrees with that condition, a moiety of the sum of £581 16s. 9d.—£290 18s. 4d. has been charged as an imprest

* C. 69265/29 [No. 51]: not printed. † Not printed.

to the India Office in the books of this Department in respect of item (*a*) above. A further letter will be addressed to you on the receipt in this Department of claims relating to items (*b*) and (*c*).

I am, &c.
F. J. HOWARD.

C. 69265/29 [No. 79].

No. 166.

TREASURY to COLONIAL OFFICE.

(S. 33540.)

Treasury Chambers, 12th September, 1929.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Howard's letter of the 7th September, 1929,* regarding the supply of cutlery, glass, and linen to the Residency at Aden.

In reply I am to request you to convey to the Secretary of State for the Colonies Their Lordships' covering sanction to the charge to Sub-head F.2 of the Vote for Colonial and Middle Eastern Services of a moiety of the total expenditure involved, which They understand is expected to be approximately £632, subject to the remaining moiety being met from Indian revenues.

I am, &c.,
G. C. UPCOTT.

C. 69265/29 [No. 84].

No. 167.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 7th October, 1929.)

[*Answered by No.* 168.]

(No. 158.)

The Residency, Aden, 18th September, 1929.

MY LORD,

I HAVE the honour to refer to my despatch No. 150 of the 22nd of August, 1928,† and to Your Lordship's predecessor's telegram dated the 12th of October last,‡ authorising local purchase of furniture required for this Residency in an amount not exceeding £120.

2. I had to defer making purchases on this account until the arrival of the furniture from England and a decision could be taken as to what should properly be regarded as fixtures and paid for from the existing house maintenance vote, but I have since bought and paid for the following:—

	Rs.
2 tanks for clean storage of water for kitchen and house use ...	48 10 0
3 pantry tables	75 0 0
Purchase of miscellaneous articles of house furniture (previously hired)	306 0 0
Moveable partition screen for dining room	135 0 0
	Rs. 564 10 0
	(£42 6s. 2d.)

A second partition screen has been ordered, and one or two other articles of supplementary furniture will be required. All articles purchased are being included with the house inventory and a full list, with the prices paid, can be submitted if desired. I do not anticipate that the total expenditure on these local purchases will exceed £75.

I have, &c.,
G. S. SYMES,
Resident, &c.

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* No. 164. † No. 139. ‡ No. 143.

C. 69265/29 [No. 88].

No. 168.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 44.)

Downing Street, 19th October, 1929.

SIR,

I HAVE the honour to acknowledge the receipt of your despatch No. 158 of the 18th September,* regarding the local purchase of furniture required for the Residency at Aden.

2. The action taken in this connection has been noted, and I shall be glad to receive a full list of local purchases when these have been completed.

I have, &c.,
PASSFIELD.

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4. RESIDENCY MOTOR-CAR.

C. 59292/28 [No. 32].

No. 169.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 3rd September, 1928.)

(No. 148.)

Residency Office, Aden, 22nd August, 1928.

COPY of letter from the Resident, Aden, to the Chief Secretary to Government, Political Department, Bombay, forwarded, with compliments, to His Majesty's Secretary of State for the Colonies, London.

G. S. SYMES,
Resident and Commander-in-Chief, Aden.

Enclosure in No. 169.

THE RESIDENT, ADEN, to THE CHIEF SECRETARY TO GOVERNMENT, POLITICAL DEPARTMENT, BOMBAY.

Residency Office, Aden, 18th August, 1928.

Subject:—Motor-cars—replacement of the Aden Residency "Essex" car.

SIR,

WITH reference to Government Resolution No. 912-C, dated the 27th March, 1923, I have the honour to inquire whether it would be possible at an early date to replace the car for the use of the Resident here.

The existing car is an "Essex" 4-cylinder touring car and is nearly six years old. It suffers from the defects of a cheap American car which has almost completed its term of useful service but, as it has been carefully looked after by a competent local chauffeur, I am advised it might fetch Rs.1,800 if put on the local market immediately.

I trust its replacement would be by a British-made car of good appearance and sufficiently powerful to make an occasional journey into the Protectorate.

I have consulted local mechanical transport officers and others competent to advise and am informed that any one of the undermentioned makes of touring car would be suitable:—

	£
1. 16-H.P. 6-cylinder Sunbeam	550
2. 20-H.P. 4-cylinder Austin "Open Road"	425
3. 16-50-H.P. 4-cylinder 5-seater "Rover"	425

Of these cars, the Austin only has a local agent here.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

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* No. 167.

C. 69265/29 [No. 21].

No. 170.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 173.]

India Office, Whitehall, London, S.W.1, 18th March, 1929.

SIR,

I AM directed by the Secretary of State for India in Council to forward, for the information of the Secretary of State for the Colonies, copy of a letter from the Government of India relative to the replacement of the Aden Residency motor-car.

Viscount Peel agrees with the Government of India in supporting Sir Stewart Symes's proposal, and he trusts that Mr. Secretary Amery will concur as to its desirability, and will be prepared to agree that a moiety of the cost, as of the pay and allowances of the Resident, should be borne by Imperial revenues. From the demi-official correspondence, of which copies are enclosed, with the India Store Department, it will be seen that the Rover car referred to by Sir S. Symes is no longer manufactured; that the choice, therefore, lies between the Sunbeam at £550 gross and the 20-h.p. Austin at £425 gross, and that a substantial reduction in those figures can be secured if the car is purchased through Government agency in this country and despatched direct to Aden. His Lordship in these circumstances would propose, subject to the concurrence of Mr. Amery, that the car to be selected for the Resident should be the 20-h.p. Austin, and that its purchase and despatch should be arranged through the India Store Department, a moiety of the expenditure involved being recovered subsequently from the Colonial Office.

I am, &c.,
J. C. WALTON.

Enclosure 1 in No. 170.

THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA TO THE UNDER-SECRETARY OF STATE FOR INDIA.

New Delhi, 14th February, 1929.

SIR,

Replacement of the Aden Residency motor-car.

THE Resident at Aden has represented that his present motor-car, which was purchased in 1923 at a cost of Rs. 5,000, has almost completed its term of useful service and is fast becoming unserviceable. He has, therefore, proposed that it should be replaced by an Austin car, or a car of some other British make, the cost of which would range from £425 to £550. The Government of Bombay have supported the proposal, and the Government of India also are of opinion that the replacement should be effected as early as possible.

2. According to the understanding recently arrived at with His Majesty's Government, the expenditure on account of the Resident's pay, &c., will be borne in moieties by that Government and the Government of India. On the same principle, the expenditure on the proposed replacement of the Resident's car should, it is considered, be equally divisible between the two Governments. I am accordingly to request that His Majesty's Government may kindly be moved to accept a moiety of the charge.

I have, &c.,
J. G. ACHESON
(for Foreign Secretary to the Government of India).

Enclosure 2 in No. 170.

Office of the High Commissioner for India,
India Store Department,
Belvedere Road, London, S.E.1,
15th March, 1929.

DEAR LAITHWAITE,

MY letter of yesterday regarding the car for the Resident at Aden. The Rover Company inform me that they are not now manufacturing a 16/50 h.p. 4-cylinder car.

Yours, &c.,
W. F. WEST.

J. G. Laithwaite, Esq.,
India Office.

Enclosure 3 in No. 170.

India Store Department,
Belvedere Road, Lambeth, S.E.1,
14th March, 1929.

DEAR LAITHWAITE,

YOUR letter dated the 12th March, 1929, regarding a car for the Resident at Aden. The figure of £550 for the Sunbeam appears to be the firm's list price for delivery at their works. We could buy this car for £440, and packing, insurance, and freight, if undertaken by the firm, would be a further £47. This latter charge is susceptible of reduction.

As regards the Austin, the firm would supply and deliver this car to Aden at a cost of £396. Here again the charges for packing and freight can probably be reduced.

I have not yet obtained figures for the Rover, but I hope to have them to-morrow.

It is, I think, evident that it would be more economical if the car were purchased and despatched to Aden by us.

Yours, &c.,
W. F. WEST.

J. G. Laithwaite, Esq.,
India Office, S.W.1.

C. 69265/29 [No. 28].

No. 171.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 174.]

Downing Street, 1st April, 1929.

SIR,

I AM directed by Mr. Secretary Amery to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a letter* from the India Office regarding the replacement of the Aden Residency motor-car.

2. Mr. Amery agrees that the replacement should be effected as early as possible and that a moiety of the cost, as of the pay and allowances of the Resident, should be borne by British revenues. He would be glad to learn whether Their Lordships will sanction this arrangement and, if so, he proposes to assent to the make of car suggested by the Secretary of State for India and to its purchase and despatch through the India Store Department.

2. Mr. Amery understands that the matter has now become urgent, and I am to request the favour of an early reply.

I am, &c.,
H. R. COWELL.

C. 69265/29 [No. 29].

No. 172.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 3 p m., 3rd April, 1929.)

TELEGRAM.

[*Answered by No.* 178.]

No. 53, 3RD APRIL. Residency car. Reference India Office letter of 18th March* to you. After longer experience of local conditions I think saloon body preferable to open car.

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* No. 170.

C. 69265/29 [No. 30].

No. 173.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 175.]

Downing Street, 10th April, 1929.

SIR,

WITH reference to your letter of the 18th of March, 1929,* regarding the replacement of the Aden Residency motor-car, I am directed by Mr. Secretary Amery to transmit to you, to be laid before the Secretary of State for India, the accompanying copy of a telegram† which has been received from the Resident at Aden. The Secretary of State will be glad to be informed what additional cost would be involved if the suggestion made in Sir Stewart Symes' telegram were adopted.

2. I am to add that the question of the apportionment of the cost of the new motor-car is under discussion with the Lords Commissioners of His Majesty's Treasury, and Mr. Amery hopes to be in a position to communicate further with Viscount Peel on the subject in the near future.

I am, &c.,
H. R. COWELL.

C. 69265/29 [No. 39].

No. 174.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 180.]

(E. 21707.)

Treasury Chambers, 20th April, 1929.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 1st instant‡ with its accompanying copy of a letter from the India Office regarding the replacement of the Aden Residency motor-car.

In reply, I am to request you to inform Mr. Secretary Amery that My Lords sanction the payment from Imperial funds of a moiety of the cost of the replacement of the car by a 20 h.p. Austin, to be purchased and despatched by the India Store Department. They would, however, be glad to learn the proposed incidence of the cost of running the car; unless there are good reasons to the contrary, They consider that that cost should fall on the Resident.

I am, &c.,
R. R. SCOTT.

C. 69265/29 [No. 40].

No 175.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 176.]

India Office, Whitehall, London, S.W.1, 20th April, 1929.

SIR,

IN reply to Mr. Cowell's letter dated 10th April,§ relative to the replacement of the Aden Residency motor-car, I am directed by the Secretary of State for India to enclose copy of a letter‖ from the India Store Department from which it will be seen that a 20 h.p. 4-cylinder Austin saloon car can be obtained for approximately £430 net, including freight to Aden.

I am, &c.,
J. C. WALTON.

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* No. 170. † No. 172. ‡ No 171. § No. 173. ‖ Enclosure 3 in No. 170.

C. 69265/29 [No. 41].

No. 176.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 179.]

Downing Street, 8th May, 1929.

SIR,

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 20th of April* regarding the replacement of the Aden Residency motor-car.

2. After consultation with the Lords Commissioners of His Majesty's Treasury, Mr. Amery concurs in the purchase of a 20-h.p. 4-cylinder Austin saloon car at a price of approximately £430 net, including freight to Aden, and I am to suggest that the necessary instructions for supply should now be given to the India Store Department.

3. Mr. Amery also agrees with the suggestion made in your letter of the 18th of March† that His Majesty's Government should bear a moiety of the cost of the car, and he assumes that a claim on this Department will be made in due course.

4. I am further to state, for the information of Viscount Peel, that the question of the incidence of cost of running the car has been raised, and I am to inquire what has been the practice in this respect in the past in regard to Aden. So far as this Department is concerned, the practice has been for the Secretary of State to sanction reasonable proposals according to circumstances in each case, the principle usually observed being that the Governor's ordinary emoluments (*i.e.*, salary, duty, and entertainment allowances) are not intended to cover the cost of locomotion for official purposes.

I am, &c.,
H. R. COWELL.

C. 69265/29 [No. 46].

No. 177.

INDIA OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State, Colonial Office, and begs to transmit to him copy of a letter to the Government of India on the subject of replacement of the Aden Residency car.

India Office,
13th May, 1929.

(Reference to previous correspondence: Letter to the India Office of the 8th May, 1929.‡)

Enclosure in No. 177.

India Office, Whitehall, S.W.1, 16th May, 1929.

SIR,

Replacement of the Aden Residency motor-car.

WITH reference to your letter of the 14th February, I am directed by the Secretary of State to say that he has sanctioned the replacement of the Aden Residency motor-car by the purchase of a 20-h.p. 4-cylinder Austin saloon car at a price of approximately £430 net, including freight to Aden, and that His Majesty's Government have agreed to bear a moiety of the cost. The car will be obtained through the India Store Department, and shipped by them direct to Aden.

With reference to paragraph 4 of the letter from the Colonial Office, dated 8th May, on the subject, a copy of which is enclosed, I am to ask that the Secretary of State may be informed as to the practice in the past with regard to the incidence of the cost of running the Aden Residency car.

I am, &c.,
J. C. WALTON.

The Foreign Secretary to the
Government of India,
Foreign and Political Department,
Simla.

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* No. 175 † No. 170. ‡ No. 176.

C. 69265/29 [No. 47].

No. 178.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 20.)

Downing Street, 28th May, 1929.

SIR,

WITH reference to your telegram No. 53 of the 3rd of April* regarding the replacement of the Aden Residency motor-car, I have the honour to inform you that arrangements are being made for the purchase of a 20-h.p. 4-cylinder Austin saloon car at a price of approximately £430 net, including freight to Aden, the cost of which will be borne conjointly by His Majesty's Government and the Government of India. The car will be obtained through the India Store Department and will be shipped by them direct to Aden.

2. The question of the incidence of the cost of running the Residency car is under consideration with the Government of India and the Treasury.

I have, &c.,
L. S. AMERY.

C. 69265/29 [No. 69].

No. 179.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall, London, S.W.1, 19th August, 1929.

SIR,

WITH reference to paragraph 4 of Colonial Office letter of the 8th May,† relative to the incidence of the running expenses of the Aden Residency motor-car, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, copy of a letter on the subject from the Government of India. Subject to the concurrence of Lord Passfield, Mr. Benn proposes to approve the recommendation of the Government of India that the maintenance allowance should continue, as at present, at the figure of Rs. 3,000 per annum. He would be glad to receive confirmation of his assumption that His Majesty's Government will be prepared to bear a moiety of the charge in question.

I am, &c.,
P. J. PATRICK.

Enclosure in No. 179.

THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA to THE UNDER-SECRETARY OF STATE FOR INDIA, POLITICAL DEPARTMENT, INDIA OFFICE, LONDON.

Simla, 11th July, 1929.

SIR,

Replacement of the Aden Residency motor-car.

I AM directed to acknowledge the receipt of Mr. Walton's letter dated the 16th May, 1929, on the subject mentioned above.

2. In regard to the maintenance grant for the Aden Residency car, I am to invite your attention to Viscount Cave's Financial despatch, No. 35, dated the 20th July, 1917, in which a contract grant of Rs. 2,700 was fixed for the purpose. This grant was subsequently found to be inadequate owing to the bad condition of the car then in use which required extensive repairs, and the Government of India agreed to a temporary increase to Rs. 4,000 a year in 1921, but in 1923 when a new car was provided the maintenance grant was consequently reduced to Rs. 3,000 per annum, made up as under:—

	Per annum.
Chauffeur at Rs. 100 per mensem	Rs. 1,200
Cost of uniform per annum	,, 40
Cleaner at Rs. 30 per mensem	,, 360
Running expenses, repairs, renewals, &c., per annum ...	,, 1,400
Total ...	Rs. 3,000

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* No. 172. † No. 176.

The reasons cited in the Finance Department despatch No. 102 of 1917, for whole of the running expenses being borne at the expense of State, appear still to hold good, and the Government of India accordingly recommend the continuance of the above maintenance allowance.

3. In keeping with the incidence of the cost of the motor-car, the maintenance charges will also be apportioned in moieties between the Government of India and His Majesty's Government.

I have, &c.,
V. NARAHARI RAO
(for Foreign Secretary to the Government of India).

C. 69265/29 [No. 72].

No. 180.

COLONIAL OFFICE to TREASURY.

Downing Street, 4th September, 1929.

SIR,

WITH reference to Sir Russell Scott's letter No. E. 21707 of the 20th of April,* I am directed by Lord Passfield to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a letter† from the India Office relative to the incidence of the running expenses of the Aden Residency motor-car.

2. The Secretary of State agrees with the recommendation that the maintenance allowance should continue at the figure of Rs. 3,000 per annum, and that a moiety of the charge should be borne by His Majesty's Government in keeping with the incidence of the cost of the motor-car, and I am to request that Their Lordships may be moved to give Their covering approval for this arrangement.

I am, &c.
F. J. HOWARD.

C. 69265/29 [No. 90].

No. 181.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 7 p.m., 23rd October, 1929.)

* TELEGRAM

[*Answered by No.* 182.]

REFERENCE my telegram of 23rd August,‡ regarding Residency car. Please telegraph whether this is reserved exclusively for your own use or is used by other members of your staff officially. Are chauffeur and cleaner still engaged on same terms as before, viz., Rs. 100 and Rs. 30 per mensem respectively. Please also state running costs per annum, including renewals and repairs of new Austin—see despatch dated 11th July, 1929,§ from Foreign Secretary, India, to India Office.—PASSFIELD.

C. 69265/29 [No. 96].

No. 182.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 12.16 p.m., 25th October, 1929.)

TELEGRAM.

No. 180. 25TH OCTOBER. Your telegram 23rd October ‖ Car is used exclusively by me or officer acting for me. Monthly salaries of driver and cleaner are Rs. 70 and Rs. 10. Anticipate that present allowance of Rs. 3,000 will about cover annual running costs of the new Austin. Essex car sold for Rs. 320.

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* No. 174. † No. 179. ‡ C. 69265/29 [No. 71]: not printed. § Enclosure in No. 179. ‖ No. 181.

5. ADEN RAILWAY.

C. 59311/28 [No. 1].

No. 183.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 187.]

India Office, Whitehall, London, S.W.1, 3rd April, 1928.

SIR,

WITH reference to your letter of 24th March, 1928,* regarding the dismantling of the Aden Railway, I am directed by the Secretary of State for India to forward for the information of the Secretary of State for the Colonies copies of the marginally-noted telegrams, and to inquire what reply should be returned to the Government of India.

From India Office, dated 28/3/28.
From Government of India, dated 28/3/28.
" " " " 30/3/28.

A copy of this letter is being communicated to the Air Ministry.

I am, &c.,
J. A. SIMPSON
(for Secretary, Military Department).

Enclosure 1 in No. 183.

TELEGRAM FROM SECRETARY OF STATE TO VICEROY, RAILWAY DEPARTMENT, DATED 28TH MARCH, 1928.

844. YOUR telegram dated 14th March, No. 42 Aden Railway. Air Ministry request that no arrangements be made for dismantling section south of Sheikh Othman until they have had opportunity of expressing their views.

Enclosure 2 in No. 183.

TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, 28TH MARCH, 1928.

681-S. FOLLOWING telegram was addressed to Bombay Government, repeated to Secretary of State for India and Aden.

Reference Aden telegram of 20th March, No. 165.

To allow examination of the Resident's representations the Railway Department are issuing orders for the Sheikh Othman-El Khudad section to be kept temporarily open to traffic. May we have your views regarding this and the remaining section by telegraph. It is in particular important to know whether it is mainly on military or political grounds that continued running is desired. If so, further communications will presumably be addressed to His Majesty's Government by the Resident.

Enclosure 3 in No. 183.

TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA.

(Dated New Delhi, 30th March, 1928.)

(Received 30th March, 1928, 12 noon.)

689-S. YOUR telegram of the 22nd February to Army Department, 534. Aden Railway. Resident reports consternation has been caused by decision to close Sheikh Othman-El Khudad section, and strongly urges postponement of dismantlement, as local Company, with participation of Sultan of Lahej, seems likely to be willing to undertake management. In the circumstances we have agreed to the section being kept temporarily open to traffic till Resident's proposals can be examined, and trust that Colonial Office will agree to bear loss, if any, should continued running be ultimately held desirable on political grounds. Please see immediately preceding telegram to Bombay.

Addressed to Secretary of State and repeated Bombay.

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* C. 59259/28 [No. 96] : not printed.

C. 59311/28 [No. 2].

No. 184.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

Air Ministry, London, W.C.2, 5th April, 1928.

SIR,

I AM commanded by the Air Council to refer to Colonial Office letter of the 3rd April,* relative to the Aden Railway, and to acquaint you, for the information of the Secretary of State for the Colonies, that they are in communication with the Officer Commanding, British Forces in Aden, regarding the retention or otherwise of the section of the railway from Ma'ala to Sheikh Othman for military purposes.

The Council will do their utmost to reach an early decision on the point, but desire me to point out that the question has to be considered in connection with proposals for the revised distribution of the garrison and may be affected by forthcoming negotiations for the settlement of the boundary.

In these circumstances they think that it should be realised that the retention of the section from Ma'ala to Sheikh Othman may in any case be necessary for at least six months, and consider it essential that they should be informed of any proposals affecting this section of the railway until they have decided whether the whole or a portion of the section should be retained for defence purposes.

In so far as the section is retained for military purposes they agree that His Majesty's Government should contribute to the cost of maintenance and would be prepared to accept the amount as a charge to Air Votes.

The Council observe from India Office letter of the 3rd April,† a copy of which was sent to this Department, that the Resident has urged the postponement of the closing of the section of the railway from Sheikh Othman to El Khudad. They desire to state that whilst they do not consider that this section is required for military purposes, they have no objection to its continuance for civil or political reasons, provided that the cost is not regarded as a defence charge.

I am, &c.,
J. A. WEBSTER.

C. 59311/28 [No. 3].

No. 185.

THE POLITICAL RESIDENT, ADEN, to THE GOVERNMENT OF BOMBAY.

(Received in Colonial Office 17th April, 1928.)

(No. C. 187.)
(Confidential.)

Aden Residency, 31st March, 1928.

SIR,

Subject :—*Aden Railway.*
Proposal to dismantle the——

I HAVE the honour to refer to the Government of India, Foreign Department, telegram No. 681-S, dated the 28th March, 1928,‡ stating that the Railway Department has been directed to keep open to traffic temporarily the Sheikh Othman-El Khudad section of the Aden Railway, and calling for an expression of views about this and the remaining section.

2. In reply I have the honour to state that I did not ask that the Sheikh Othman-El Khudad section should be kept open to traffic, but only that the line should remain *in situ* and that a local company be allowed to take up the traffic working if able to undertake it.

3. I have already reported to the Secretary of State for the Colonies that no military arguments can be urged to justify the payment by the War Office or the Air Ministry of the deficit on the working of the Sheikh Othman-El Khudad section. Nor can any political arguments be produced likely to induce the Colonial Office to take on the charge.

4. Commercially the railway is unlikely to pay so long as its termini are, as at present, far from the sources of supply.

The only grounds on which the continuation of the running of the traffic to El Khudad can be supported are :—

(*a*) The convenience to the inhabitants and merchants of Aden, and the fact that it would be a retrograde step to close the railway down.

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* C 59259/28 [No 98] : not printed † No. 183. ‡ Enclosure 2 in No. 183.

(*b*) Some 20,000 gallons of fresh water a day are provided by the railway to civil inhabitants, who, if deprived of it, will have to fall back on acqueduct water, to the detriment of their " interior economy " and health. These are purely civil reasons.

(*c*) The consternation caused among Protectorate tribes by the announcement of the coming closing of the railway to traffic, is an indication of the political advantage of retaining the railway owing to the extra sense of security among the tribes which it engenders. Though, not sufficient to justify the maintenance at a loss on purely political grounds, this political reason reinforces the civil ones mentioned

If it is reasonably feasible, the railway traffic should in my opinion be continued, but, if not, I would urge that the material be left *in situ*, and that it be handed over to any civil company which may come forward with reasonable prospects of being able to run it.

5. As regards the Ma'ala-Sheikh Othman section, it is a convenience to local inhabitants and, though no purely " political " argument of great weight can be produced in favour of retention, it is an amenity of civilisation which should not be withdrawn. The removal of this line or closing of traffic on this section would also result in an increased cost in road maintenance, as the railway transport would have to be replaced by motor omnibuses.

6. As regards Ma'ala to Khormaksar, there are also " military " arguments in support of the retention of the line. Heavy cases for the Royal Air Force received by ship are landed at Ma'ala and have to be transhipped to Khormaksar, and this can only be done satisfactorily by railway. To place seaplanes on the water at the obstruction pier near Ma'ala, the railway between that point and the Air Station is very necessary.

7. I have no means of calculating whether there would be a deficit, and, if so, how much, on the working of the Ma'ala-Khormaksar or Ma'ala-Sheikh Othman sections. It would seem fair that the Air Ministry should pay a proportion of such deficit, if any, between Ma'ala and Khormaksar. I can only hazard a guess that it should not exceed £500 per annum.

I have, &c.,
K. STEWART,
Major-General,
Political Resident, Aden.

Copy forwarded to:—
The Secretary to the Government of India, Foreign and Political Department, New Delhi.
His Majesty's Secretary of State for the Colonies, London.
The Air Officer Commanding, Aden.

K. STEWART,
Major-General,
Political Resident, Aden.

C. 59311/28 [No. 4].

No. 186.

INDIA OFFICE to COLONIAL OFFICE.

India Office, 20th April, 1928.

THE Under Secretary of State for India presents his compliments to the Under Secretary of State, Colonial Office, and begs to transmit to him copy of telegrams from the Resident, Aden, to the India Foreign Secretary and the Government of Bombay on the subject of the Aden Railway.

Reference to previous correspondence: Letter from the India Office of the 3rd April, 1928.*

Copy also sent to Air Ministry.

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* No. 183.

Enclosure 1 in No. 186.

TELEGRAM FROM RESIDENT, ADEN, TO FOREIGN SECRETARY, DELHI.

(Dated 17th (received 18th) March, 1928.)

FOREIGN telegram No. 530-S dated the 12th instant. I would earnestly request that even though traffic on Sheikh Othman-El Khudad section is discontinued railway itself should not be dismantled at present. It is quite likely that if permission to use line were given, local company would be willing to run traffic on it. The saving on cost of dismantling might be set against cost of deterioration of material, the market value of which is small. The cost to Government, if any, would therefore be negligible and the concession would be appreciated by local population. The announcement that the section is to be closed has caused some consternation. I would accordingly suggest that the orders that the section should be dismantled from 1st April be held in abeyance till question is considered.

Enclosure 2 in No. 186.

TELEGRAM FROM RESIDENT, ADEN, TO GOVERNMENT OF BOMBAY.

(Repeated Foreign, New Delhi).

(Dated 20th (received 21st) March, 1928.)

(P. No. 164.)

PLEASE see Foreign telegram No. 160 dated the 17th instant. Some consternation has been caused by the decision to close Sheikh Othman-El Khudad section of railway and I have already telegraphed praying that even though traffic be closed the railway should not be dismantled. Another telegram on same subject follows. There is strong local bad feeling against closing of Ma'ala-Sheikh Othman section of line, as it is used a great deal for passenger traffic and portion of Wharf to Khormaksar will continue to be very necessary for transport of heavy R.A.F. stores from water to Air station. I have no figures to prove whether this section could be run without loss to Government, but would urge strongly that it should remain open until this question can be fully examined and representations of local bodies can be considered and given their due weight.

Enclosure 3 in No. 186.

TELEGRAM FROM RESIDENT, ADEN, TO FOREIGN SECRETARY, DELHI.

(Repeated Bombay).

(Dated (and received) 20th March, 1928.)

(P. No. 165.)

IN continuation of my telegram of 17th instant 160. Before final orders are issued that the Sheikh Othman-El Khudad section Railway should be dismantled I would urge consideration of following matter. Every day about 2,000 gallons of good drinking water are brought to Aden for sale here and during the hot weather amount is likely to increase to perhaps 50 per cent. more. Until bore is finally proved and waterworks scheme put into operation this Lahej water fills a large deficiency in Aden conditions. The traffic on this and profits from water would be a considerable inducement to a local company to undertake management of a modified service on line.

The decision to stop working the section has greatly upset the Sultan of Lahej at present and he would himself take a large part in financial operations of railway.

The market value of material on line cannot be so great as to be of serious importance to Government and some definite cash expenditure would be involved by dismantling.

I would therefore again urge that the line should not be dismantled till the matter has been considered.

C. 59311/28 [No. 5].

No. 187.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 1st May, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 3rd of April* regarding the dismantling of the Aden Railway, and to transmit to you, for the information of the Earl of Birkenhead, a copy of a despatch† addressed by the Resident at Aden to the Government of Bombay on this subject.

2. Lord Birkenhead will observe that Major-General Sir Keith Stewart did not propose that the section of the railway between Sheikh Othman-El Khudad should be kept open to traffic, but merely that the line should remain *in situ*. In the circumstances, Mr. Amery sees no reason to reconsider his attitude towards the question so far as the political aspect of the matter is concerned, and he would not be prepared to agree that any cost incurred in keeping the section open to traffic should be borne upon the vote for the Colonial and Middle Eastern Services.

3. I am to take this opportunity to communicate to you a copy of a letter‡ from the Air Ministry regarding the retention of the section of the railway from Ma'ala to Sheikh Othman, and to add that a copy of this letter is being sent to the Air Ministry.

I am, &c.,
J. E. SHUCKBURGH.

C. 59311/28 [No. 7].

No. 188.

THE ACTING POLITICAL RESIDENT, ADEN, to THE GOVERNMENT OF BOMBAY.

(Received in Colonial Office 8th May, 1928.)

(No. C. 226.)
(Confidential.)

SIR, Aden Residency, 24th April, 1928.

Subject:—*Aden Railway.*

Proposal to dismantle the——

IN continuation of my telegram No. C. 206 of the 11th April, I have the honour to submit the following observations on the Aden Railway for the consideration of the Government of India.

2. Before the Sultan of Lahej or any local bodies can offer any opinion as to their undertaking even partial responsibility for the railway, it seems desirable that a decision should be announced as to whether the book value of the track, rails, and other material should not be written off.

The grounds for such a decision would be that the railway was built as a war measure, and has now served its purpose, no longer being required for military reasons. It has no value at Aden, and its removal would perhaps cost as much as the price it would fetch in the open market.

If this point can be conceded or a minimum value ascribed to the line, considerable progress will be made towards facilitating a decision as to its future.

3. The railway may be considered to be made up of 4 sections.

(*a*)	Ma'ala-Khormaksar	4 miles.
(*b*)	Khormaksar-Sheikh Othman	4 ,,
(*c*)	Sheikh Othman-Lahej	15 ,,
(*d*)	Lahej-El Khudad	6 ,,

(*a*) The retention of the line and a few trucks and locomotives for use as far as Khormaksar might be desirable for the Royal Air Force for the conveyance of stores and building materials.

(*b*) On the supposition that this section is maintained, it appears probable that the Aden Settlement would be prepared to press for the line to be kept on as far as Sheikh Othman as an amenity to the population, and as an alternative to a heavy outlay for road repair and construction to deal with traffic hitherto carried by the railway.

* No. 183. † No. 185. ‡ No. 184.

If the Railway Board could supply the necessary figures, a decision could be reached as to the above alternatives, and the incidence of cost to be borne by the Air Ministry and Aden Settlement respectively.

(*c*) The use of the section Sheikh Othman-Lahej should, I think, be given free to the Sultan, or possibly to a locally-formed company, on certain conditions, such as resumption if required for war or other purposes, maintainance up to a certain standard, &c.

The Sultan would possibly prefer to run his own oil engines on this section or hire rolling stock from the Aden Railway, and could be asked to pay a proportion of the administrative charges of the railway as a whole from his profits.

(*d*) The section Lahej-El Khudad might be allowed to fall into disrepair except that the culverts, girders, &c., should be kept in order and painted so that the line could be put into repair at short notice if extension is at any time decided on.

I have, &c.,
T. C. FOWLE.
Ag. Political Resident, Aden.

C. 59311/28 [No. 12].

No 189.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 12th June, 1928.

I AM commanded by the Air Council to acquaint you, for the information of Mr. Secretary Amery, that they have had under consideration two despatches addressed by the Resident at Aden to the Bombay Government dated respectively 31st March* and 24th April,† on the subject of the future of the Aden Railways; this matter was also discussed at the meeting which was held at the Colonial Office on 9th May.‡

The Officer Commanding British Forces at Aden has re-affirmed the opinion which he had previously expressed as to the importance of retaining for military purposes the section from Ma'ala to Khormaksar. The Air Council concur in this view and they would request that no action should be taken which would preclude the retention and working of that section.

In their letter of 5th April,§ the Air Council stated that they would be prepared as a temporary measure to contribute to the cost of maintenance of the line from Ma'ala to Sheikh Othman. On further investigation, however, they are satisfied that from the strictly military aspect the only essential requirement is the railway as far as Khormaksar. The section Khormaksar-Sheikh Othman has, however, a potential military value for the defence of the water supply at the latter place.

As regards the section Sheikh Othman-El Khudad, the Air Council do not consider that any military interest requires its retention or that any contribution from military funds would be justified in respect of the cost of its maintenance or operation. But on general grounds they trust that due weight will be given to the considerations adduced in both of the above-mentioned despatches in favour of keeping open that section if any satisfactory arrangement can be made for that purpose. The Air Council, however, assume, in view of the terms of telegram 534 from the India Office to the Government of India (22nd February, 1928‖), that no charge shall accrue against Imperial funds in respect of any working or maintenance of that portion of the line after 31st March, 1928.

Copies of this letter have been sent to the India Office and Treasury.

I am, &c.,
J. A. WEBSTER.

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* No. 185. † No. 188. ‡ No. 19. § No. 184. ‖ C. 59259/28 [No. 75]: not printed.

C. 59311/28 [No. 13].

No. 190.

THE ACTING POLITICAL RESIDENT, ADEN, to THE GOVERNMENT OF BOMBAY.

(Received in Colonial Office 19th June, 1928.)

Residency Office, Aden, 25th May, 1928.

(No. C. 298.)
(Confidential.)

Subject:—*Aden Railway.*
Proposal to dismantle the——

SIR,

IN continuation of my letter No. C-226, dated 24th April, 1928,* I have the honour to forward, for consideration of Government, a translation of a letter from His Highness the Sultan of Lahej, expressing his desire to take over the section of the railway from Sheikh Othman to Lahej and asking for certain information in connection with the working of the railway in the past.

2. The Trustees of the Port and the Executive Committee of the Aden Settlement have both decided not to take over the railway. There is also no indication of any local company being formed.

I have, &c.,
G. T. FISHER
(for Ag. Political Resident, Aden).

Enclosure in No. 190.

Dated 25th El Kida, 1346.
(15th May, 1928).

FROM HIS HIGHNESS SULTAN SIR ABDUL KARIM, K.C.I.E., THE ABDALI, to MAJOR G. T. FISHER, ASSISTANT RESIDENT, ADEN.

After Compliments.

IN reply to your letter No. C-546, dated 1st May, 1928, we are extremely sorry to hear about the proposed removal of the railway, because by means of its existence connecton between Aden, Lahej and the neighbouring countries has become closer than at any time before the war.

We shall be very pleased if a company would undertake to carry out the work, but, if no company could be formed, we would request Government kindly to entrust the rail to us in its present condition together with the stations free of charge and we will carry out the work on it. We shall do our best to keep it in good condition as far as practicable, and when Government need it in emergency they will find it in good condition. The keeping of the rail between Lahej and Sheikh Othman would also be of help to the permanent continuance of the rail between Sheikh Othman and Ma'ala. In case the Government would be good enough to grant us our request, we will then be able to buy at reasonable rates one steam engine and wagons, out of the stock at Aden, which would be useful for our purposes. Alternatively we could buy new ones if no agreement could be arrived at about the rate.

Before doing so, however, we would request you kindly to write to the Railway Department to furnish us with statements showing the income of recent years, giving us at the same time details of every kind of goods, &c., separately. We want to know the amounts received by the railway out of the conveyance charges of the goods, water and passengers, &c., each separately between Lahej and Aden and how much of this would be the shares which relate to our borders between Lahej and Dar El Amir at the mileage rate. We also want a statement showing the expenditure incurred on account of the coolies and that of coal, drivers of the engines, &c. Details of each item of expenditure may kindly be furnished and not the total amount of expenditure. We ask for this, because we want to know each item of the expenditure, for when we come to know of this we will be able to use economy in expenditure which we believe to be at present excessive. When these statements and particulars are known to us, they would be of great help to us.

May you be preserved.

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* No. 188.

C. 59311/28 [No. 16].

No. 191.

AIR MINISTRY to INDIA OFFICE.

(Received in Colonial Office, 12th July, 1928.)

(Secret.)

SIR,

Air Ministry, Kingsway, W.C.2, 9th July, 1928.

I AM commanded by the Air Council to say that they have had under notice the recent correspondence in connection with the future of the Aden railways and in particular with the possibility of a portion of the line being taken over by the Sultan of Lahej (see letter from the Colonial Office to the India Office dated 27th June*).

As, however, the carrying out of arrangements for the transfer will obviously take some time, the Air Council would be glad if it may be confirmed that the cost of the operation of the railway as from 1st April, 1928, will be borne by the Government of India. This appears to be in accordance with the intention of your telegram to the Viceroy of the 22nd February, No. 534.

A copy of this letter has been sent to the Colonial Office.

I am, &c.,
J. A. WEBSTER.

C. 59311/28 [No 19].

No. 192.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 193.]

(S. 31885/02.)

SIR,

Treasury Chambers, 14th July, 1928.

I AM directed by the Lords Commissioners of His Majesty's Treasury to refer to the letter addressed to you by the Air Ministry on the 12th June† on the subject of the future of the Aden Railways, and to the discussion at the Ninth Meeting of the Aden Standing Committee.‡

My Lords understand the position to be that:—

(*a*) the section of the line Ma'ala to Khormaksar is of military importance, and must admittedly be retained;

(*b*) the section Khormaksar to Sheikh Othman has a potential military value only, for the defence of the water supply at the latter place;

(*c*) the section beyond Sheikh Othman has no military interest, and has in fact been closed down since 1st April last, though it is not at present proposed to dismantle the line.

My Lords would not in any case be prepared to sanction any charge on Imperial funds in respect of the third section after the 31st March, 1928.

As regards the rest of the line, before considering the question of a contribution from Imperial funds towards any deficit on the working of either section, My Lords request that the Secretary of State will be good enough to instruct the Resident to enquire into the administration of the line and report whether it cannot be made self-supporting, *e.g.*, by an appropriate increase in the charges for delivery of water from Sheikh Othman. Their Lordships would be most reluctant to admit that, as regards the second section at least, there is any justification for a contribution from Imperial funds.

A copy of this letter has been sent to the Air Ministry and the India Office.

I am, &c.,
R. V. NIND HOPKINS.

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* C. 59311/28 [No. 15]: not printed. † No. 189. ‡ No. 9.

C 59311/28 [No 20].

No. 193.

COLONIAL OFFICE to TREASURY.

Downing Street, 30th July, 1928.

SIR,

I AM directed by Mr. Secretary Amery to refer to Sir R. Hopkins' letter S. 31885/02 of the 14th of July* on the subject of the future of the Aden Railways.

2. With regard to Their Lordships' request in the penultimate paragraph of the letter, I am to point out that the Aden Railways Department is one of the departments which are to remain under the direct control of the Central Departments in India, and to say that it is understood that as the result of a suggestion made semi-officially to the India Office, the Secretary of State for India is requesting the Governor of India to furnish the report desired by Their Lordships.

3. I am, however, to add that the Resident at Aden is being requested to furnish any observations he may have to offer on the subject.

I am, &c.,
T. I. K. LLOYD.

C. 59311/28 [No 28].

No. 194.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 2.12 p.m., 29th August, 1928.)

TELEGRAM.

29TH AUGUST. C. 489. Aden Railway. After full enquiry I am satisfied that railway cannot become a paying concern and should be closed down. It would be unwise to close immediately but present service should be reduced on 1st October to one train each way daily between Ma'ala Lahej and El Khudad and maintained until 31st March next. Thus total deficit between net receipts and working expenses should not exceed Rupees 60,000 in current financial year. Pending receipt of your approval and that of Railway Board I have instructed Officer-in-Charge to issue provisional notice of dismissal to surplus staff and notify public of reduced service. Despatch follows. Addressed Foreign Secretary to the Government of India. Repeated to Bombay and Colonial Office.

C. 59311/28 [No 32].

No 195.

THE RESIDENT to THE GOVERNMENT OF INDIA.

(Received in Colonial Office 17th September, 1928).

Residency Office, Aden,
1st September, 1928.

(No. C. 492.)
(Confidential.)

Subject:—*Aden Railway.*
Proposal to dismantle the——

SIR,

I HAVE the honour to address you on the subject of the future of the Aden Railway.

2. The railway, as you are aware, was built for strategic reasons. Its total capital cost has been estimated for accounting purposes to be 18 lakhs. Its actual capital value to-day is perhaps 5 lakhs.

	Miles.
It runs from Ma'ala, in the centre of the Aden settlement, to Khormaksar	4
Sheikh Othman	4
Lahej town	15
El Khudad	6
a total distance of	29

* No. 192.

3. The financial prospects of the railway are discussed in a memorandum by the Officer in Charge, dated 14th of August, of which a copy is enclosed. Mr. Renwick's figures showing the results of the past five years' working prove conclusively that the railway cannot become a paying concern. It should therefore be closed down.

The questions to be answered are when and how?

4. I have discussed these questions in conference with the Air Officer Commanding, First Assistant Resident, Chairman of the Executive Committee of the Aden Settlement, and Mr. Renwick.

As regards the present train services we are agreed that the objections to immediate abolition are, in the order of their relative importance:—

(*a*) Suspension of water transport (20,000 gallons a day) from Habil (near El Khudad) to the Settlement.
(*b*) Political effect on tribal chiefs in the Protectorate, especially the Sultan of Lahej.
(*c*) Difficulties of transport of heavy Royal Air Force stores from port to Khormaksar.
(*d*) Inconvenience to residents of Sheikh Othman.

Of these objections, (*d*) can be ignored and (*c*), provided the permanent way is maintained for a while, can be overcome. In view of the present situation in the Protectorate (*b*) is a serious consideration and (*a*) is of real importance and will remain so until the Sheikh Othman water supply project (see my despatch No. 143 of 18th August, 1928,* addressed to the Secretary of State for the Colonies) matures. It may be noted that traffic between El Khudad and Aden provides the major part of present railway receipts.

5. We are therefore agreed that, while other services may be suspended on and after the 1st of October, it is desirable and in the public interest to run one train daily each way between Ma'ala-Lahej-El Khudad for transport of water, passengers and goods.

Pending the receipt of your approval and that of the Railway Board, I have instructed the Officer in Charge to notify the public of this reduction in train service and to issue provisional notices of dismissal to those members of the Railway staff who will no longer be required. By this means an economy of Rs. 8-10,000 may be effected in the current financial year and the total deficit between receipts and working expenses reduced to Rs. 60,000.

6. There remain the questions of the liquidation of the railway in 1929 and the dismantling of the permanent way. No local body or company are prepared to take over any section and the suggestion that the Sultan of Lahej might be prepared to do so may I think be dropped as impracticable. An argument against dismantling the line at the earliest possible date is the possibility that it might be utilized in connection with the Royal Air Force buildings programme at Khormaksar and, later on, with the construction of a metalled road to Lahej. Decisions on these matters and also as to whether the Royal Air Force will find it worth while to retain the Ma'ala-Khormaksar section after the rest of the permanent way has been dismantled can be taken in the course of the next few months. Meanwhile arrangements for the final liquidation of the railway and disposal of rolling stock, &c., should proceed on the assumption that all regular train services will be suspended after the 31st of March next.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief,
Aden.

Copies of this letter have been sent to the Colonial Office and the Government of Bombay.

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* C. 59319/28 [No. 6]: not printed.

Enclosure in No. 195.

LETTER DATED THE 14TH AUGUST, 1928, FROM THE OFFICER IN CHARGE, ADEN STATE RAILWAY, ADEN, TO THE RESIDENT, ADEN.

WITH reference to your letter of 8th August, 1928, and your request for information as to the possibilities of making the Aden Railway self-supporting, I have the honour to give the following observations :—

2. *Working Results.*—The following have been the working results for the past five years, during which, with the exception of 1923-24, practically the entire revenue has been earned from Civil traffic.

	Gross Revenue.	*Working Expenses.*	*Gross Expenses.*
1923-24 ...	Rs.2,01,573	Rs.2.66,564*	Rs.2,66,564
1924-25 ...	Rs.1,82,513	Rs.1,97,541*	Rs.1,97,541†
1925-26 ...	Rs.1,39,094	Rs.2,14,529	Rs.2,51,159†
1926-27 ...	Rs.1,41,799	Rs.1,97,199	Rs.2,33,427†
1927-28 ...	Rs.1,31,598	Rs.2,24,381	Rs.3,58,481†
	Rs.7,96,577	Rs.11,00,214	Rs.13,07,172

3. The increase in working expenses during 1927-28 was due to increased administrative costs, increases in staff and material costs and extraordinary expenditure due to repairs of damage caused by floods, &c.

The increase in gross expenses in 1927-28 was due to renewals and replacements being the write-off of three locomotives scrapped, and 1 locomotive purchased. The cost of this latter item will, however, be transferred to capital during 1928-29.

4. The Budget Estimate of Expenses for the year 1928-29 for the whole line is as follows :—

	Rs.		
1. Administration	75,000	Working expenses	Gross expenses.
2. Maintenance	70,000		
3. Operation	36,500		
4. Fuel	23,500		
Total	Rs.2,05,000		
5. Appropriation to Depreciation Fund	38,000		
6. Renewals and Replacements ...	83,000		
Total	Rs.1,21,000		

Estimated total gross expenses Rs.3,26,000
Estimated gross revenue Rs.1,40,000

5. The total direct capital civil outlay including " suspense " from the commencement of operations to 31st March, 1928, amounted to Rs.14,15,515, and excluding " suspense " (*i.e.*, stores purchased but not charged off to Final Heads) and " Loss by Exchange " to Rs.12,81,895, which gives an average of Rs.44,598 per mile open calculated on 28.75 miles, the mileage open to date.

Direct capital military outlay on the Sheikh Othman-El Khudad Section excluded above amounted to Rs.5,01,333.

* Prior to 1925-26 Working Expenses included cost of Depreciation and Repairs and Replacements, which subsequently have been excluded.

† Credits received from Military Department being moiety of loss on Military Section (Sheikh Othman-El Khudad) are not included in these figures.
They amount to :—

1924-25	Rs.50,859
1925-26	Rs.85,472
1926-27	Rs.69,647
1927-28	Rs.99,837
	Rs.3.05,815

Interest charges on the above capital cost is excluded from the above expenditure figures as the interest account is maintained by the Government Examiner of Accounts, B.B. & C.I. Railway, Bombay.

6. Paragraph 2 shows that the gross revenue has been insufficient to pay the working expenses and therefore, to make the Railway self-supporting, the revenue must be increased by more than 100 per cent. and the working expenses reduced.

7. Certain reductions have been realised by the elimination of surplus staff approximating Rs.1,400 per month from September, 1928, and in realisations from sales of surplus stores and materials. Other savings are possible by the utilisation and training of locally engaged staff instead of employees recruited from India, whose terms of service and repatriation costs are excessive in comparison. Reduction in operation costs could be obtained by the utilisation of " light " locomotives, but this would entail further capital expenditure, which for reasons given below might be difficult to justify.

It is felt that with the most rigid economy, it is unlikely that the working expenses could be reduced to below Rs. 1,75,000 per year.

8. The gross revenue for 1926-27 and 1927-28 are made up as follows :—

	1926-27. Rs.	*1927-28.* Rs.
Passenger earnings	76,239	69,485*
Goods earnings	42,130	36,764*
Water traffic	21,066	22,321
Sundries	2,364	3,009
	Rs.1,41,799	Rs.1,31,579

9. Examination of these figures in detail show :—

Passenger earnings are mainly provided by traffic to and from Lahej, local traffic between Ma'ala and Sheikh Othman being severely cut into by motor bus competition.

The railway terminus being at Ma'ala militates against passengers from Crater or Tawahi using the railway except when proceeding to Lahej. Passengers from Ma'ala use the railway to Sheikh Othman, the fare being annas two as against annas three by bus. Bus fares from Crater and Tawahi Bazaars to Sheikh Othman Bazaar point to point are annas 4 and 6, the frequent service approximating 5 buses each way per hour offering advantages to the travelling public that the lower railway fare cannot compete against.

The daily earnings of a motor coach working between Ma'ala and Sheikh Othman average Rs.25/- against their working costs of Rs.18/- and it is doubtful whether this traffic is ever likely to attain remunerative dimensions.

Further bus competition is noted with the Lahej traffic, this office letter of 28th July, 1928, to your address, reporting the operation of 14 motor buses between Aden and Lahej during July.

10. *Earnings from Water Traffic* will shortly suffer a severe reduction on completion of the proposed scheme to pump water from the Sheikh Othman Bore to Crater, as referred to in the Chairman, Aden Settlement's, letter of 8th August, 1928.

The daily hot weather water traffic of 20,000 gallons per day from El Khudad is disposed of in the proportion of 16,000 gallons to Crater, 1,500 to Tawahi and 2,500 to Ma'ala.

This water is retailed at Ma'ala by the Lahej Water Company, to Cartmen at Rs.1-2-0 per 100 gallons of which annas 10 represents the railway proportion as freight and annas 8 the Water Company's proportion. The cartmen retail the water in Crater at rates varying from Rs.1-9-0 to Rs.1-15-0 per 100 gallons according to the demand. The proposed scheme of pumping water to Crater aims at retailing water direct to the public at Rs.1/- per 100 gallons, against which the Habil Water cannot compete, and the amount brought in by the railway will then be reduced to a maximum of 5,000 gallons each day to meet the demand at Ma'ala and Tawahi.

11. *Analysis of the Goods Traffic.*—Commodity figures would appear to show that very little increase of traffic can be anticipated.

The monthly statements prepared by the Trade Registration Department which are summarised and attached may be taken as reasonably accurate, as regards the figures by Khafala, since the cart and camel loads are checked at the Barrier Gate.

* Reduction due to plague epidemic lasting six months.

As regards the railway totals, certain discrepancies exist and since accurate commodity figures are available from the traffic returns, these are inserted in the statement in addition to the Registration Department figures.

12. As with the passenger traffic, the railway suffers heavily by reason of its terminus being midway between the commercial centres of Crater and Tawahi. The lead from Lahej, 22½ miles, is too short and the double handling at Lahej and Ma'ala plus the cost of cartage from Ma'ala goods shed to Crater makes it unprofitable to put goods from the interior on to the rail.

Again, the merchants in the interior look to the Caravan Muccadams to dispose of their goods in Aden and purchase goods for the return trip, and failing this method, they would have to appoint other accredited agents in Aden at further cost to themselves.

13. *Import Traffic by Khafila and Railway.*

Examination of the summary of import traffic figures show that the four largest items are firewood and charcoal, fodder, cattle, and fresh foodstuffs.

Firewood is the largest item in point of quantity but *vide* letter dated 26th February, 1928, from His Highness the Sultan of Lahej, permission is given to certain people to gather firewood free of cost from the Al-Faiyush District, south-east of Lahej, who transport the same by their own camels direct to Aden. It is extremely unlikely that this traffic could be the cost of railway transport and it is never likely to be a revenue-producing item.

Cattle, for similar reasons is never likely to be a revenue-producing item, since they mostly belong to small herders or ryots who drive them to market on the hoof, grazing *en route*.

Fodder is already a large revenue-producing item, the discrepancy being on account of it mostly being transported by rail to Khormaksar, the transport from the Depot there to Aden being by carts, the number of which are registered at Barrier Gate as Khafila Load.

Fresh Foodstuffs are the only item of which the railway ought to, but does not, obtain a fair proportion of traffic. Endeavours have been made to obtain this traffic but the reasons given in paragraph 12 are mainly the cause of it not being obtained.

14. Excluding cattle and firewood and amending the railway import figures to tally with actual railway returns, appendices A and B show the following goods.

Traffic figures in Camel loads:—

	1926-27.	per cent.		*1927-28.*	per cent.	
Exports.						
By Rail	1,497	= 69		1,538	= 64	
By Khafila	683	= 31		749	= 36	
Imports.						
By Rail	4,242	= 46		3,204	= 36	
By Khafila	5,554	= 54		4,242	= 64	
Total	5,739	= 48	6,237	4,737	= 41	6,591 = 59

15. Paragraph 8 showed that 48 per cent. of the total traffic earned in 1926-27, Rs. 42,130 and 41 per cent. in 1927-28 earned Rs. 36,764.

Had it been possible to obtain a 100 per cent. of the goods traffic the earnings would only have been Rs. 87,700/- and Rs. 89,400.

These years were considered by the Trade Registration Department to have been above the average and therefore it is fair to assume that the maximum future revenue obtainable under the most favourable circumstances would approximate.

	Rs.	
Passenger traffic	78,000	
Goods traffic	80,000	
Water traffic	1,000	(see paragraph 10)
Sundries	3,500	
Total	Rs.1,62,500	

This is insufficient to cover the minimum working expenses as estimated in paragraph 7.

16. Proposals have been put forward at various times for the extension of the line to Mussamir and Mawiya, but it is admitted that the volume of traffic likely to be obtained is insufficiently remunerative to make the line self supporting.

Conversations with merchants in Aden amply confirm this view.

The traffic from the Sa'ana plateau is being sent through the Red Sea Ports and Mocha and Hodeida in increasing quantities by reason of the shorter lead than to Aden and by reason of the cheaper transit or custom dues, payable in the first case to the Imam and his Agent and in the second case to the 3 Sultans of Lahej, Mussamir and Mawiya in addition to the fees of the Imam Agent at Lahej. Traffic to Aden itself even comes by this route and by coasting steamer from Hodeida and Mocha.

Appendix A.

Export from Aden to Interior.

Basis—Average camel loads per month.

Serial No.	*Classification*	1926-27 *By Khafila*	1926-27 *By Rail*	1927-28 *By Khafila*	1927-28 *By Rail*
1	Building Material and other allied materials	1	64	—	117
2	Dye stuff and allied articles	—	6	—	9
3	Fruit, vegetables, provisions and other foodstuff	324	407	327	498
4	Iron ware, machinery and merchandise	15	100	5	117
5	Grains and spices	28	269	39	261
6	Oil	184	90	250	79
7	Piece goods and other textile goods	50	181	40	201
8	Other articles	81	380	88	251
	Total camel loads ..	683	1,497	749	1,533

Appendix B.

Statement showing the Total of Imports from the Interior of Arabia.

Basis—Average camel load per month.

Serial No.	*Particulars*	1926-27 *By Khafila*	1927-28 *By Khafila*	1926-27 *By Rail*		1927-28 *By Rail*	
1	Cattle .. .. Head	1,220	1,425	—		—	
2	Building Materials ..	64	52	—		—	(105)
3	Coffee	167	290	64	(115)	40	
4	Cotton piece-goods ..	—	6	1		—	
5	Chemical	14	12	—		—	
6	Kast	203	231	—		—	(45)
7	Tobacco	1	23	—		1	(5)
8	Dye Stuff	3	9	1		1	
9	Fodder	3,311	2,994	249	(3,389)	2	(2,405)
10	Fresh Foodstuff ..	1,360	1,698	16		33	(46)
11	Fuel	3,890	3,489	4		3	
12	Grain	165	196	258	(493)	234	(380)
13	Hides and Skins ..	96	168	39	(114)	28	(51)
14	Provisions	152	153	30		39	
15	Seeds	—	7	12		72	
16	Spices	—	1	—		—	(2)
17	Other Commodities ..	18	12	47		10	
	Total ..	10,664	10,756	4,242		3,204	
	Less Cattle and Fuel ..	5,110	4,914				
	Net traffic obtainable by Railway ..	5,554	5,842				

Amended figures from Railway Returns in brackets.

6. TELEPHONE SERVICE.

C. 59311/28 [No 24].

No. 196.

AIR MINISTRY to INDIA OFFICE.

(Received in Colonial Office 19th July, 1928.)

(Secret.)

Air Ministry, Kingsway, W.C.2, 17th July, 1928.

SIR,

I AM commanded by the Air Council to refer to the question of the arrangements for the Telephone Service at Aden, which was mentioned at the 8th Meeting of the Aden Standing Committee.*

They are informed by the Officer Commanding, British Forces, that the Resident has lately approached the Government of Bombay with a view to the Indian Posts and Telegraph Department taking over this system. In the first instance that Department refused this application, but a further statement has been prepared by the Resident and forwarded to the Government of Bombay with the request that the matter might be reconsidered.

The Air Council trust that Lord Birkenhead will be prepared to move the Government of India to accept this proposal, and they would suggest that any financial adjustment should, if possible, take effect as from 1st April, 1928.

According to the latest information available in the Air Ministry the number of connexions served by the system is 62 military, 25 political and 68 private. From these numbers it will be seen that the greater part of the service is required to meet other than military needs, and in any case it appears to the Air Council that the operation of the telephone service at Aden is a matter more appropriate to the Civil than to the Military Administration.

A copy of this letter has been sent to the Colonial Office, and to the Treasury.

I am, &c.,

J. A. WEBSTER.

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7. POLICE.

(i) General Arrangements.

C. 59297/28 [No. 1].

No. 197.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall, London, S.W.1, 7th March, 1928.

SIR,

WITH reference to India Office letter of 3rd March,† I am directed to forward for the observations of the Secretary of State for the Colonies copy of a telegram from the Government of India, on the subject of the recruitment of a Military Police Force at Aden.

A similar letter has been sent to the Air Minister.

I am, &c.,
S. K. BROWN,
Secretary,
Military Department.

Enclosure in No. 197.

FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA.

(Dated 4th March, 1928.)

474-S. YOUR 575 of 28th February. Following from Bombay. *Begins:* Resident at Aden suggests that except in the case of such men as may be unwilling to accept change of status, present ranks of Aden troop up to numbers required should

* No. 8.

† C. 59259/28 [No. 81]: not printed.

be allowed to continue their service in the proposed armed police force under their present engagements as far as possible and on present terms of pay and service pensions and leave, with islands allowance, probably about Rs. 2 (*sic*) per mensem, when there. Resident suggests that the force named Aden and Red Sea Island (*sic*) Military Police. Government of Bombay recommend the adoption of the Resident's suggestions. This course is simpler and possibly less or not more expensive than the alternative of re-enlistment, owing to saving in demobilisation concessions for which credit should be taken in connection with the new arrangements. Government of Bombay also agree with the Resident that recruitment from disbanded Aden Troop will not be possible if the Colonial Office condition that concession regarding furlough should not be given is accepted. This concession essential. Scheme for supplementing this force by recruitment from the Presidency proper is being investigated and terms and conditions will be communicated later. Difficulties in the matter have already been explained in my letter of 22nd February. Government will do their best to avoid delay and assist in the matter, but regret that the unexpected decision adopted with the shortest notice inevitably involves difficulties and delay in view of local circumstances.—*Ends.*

We concur generally and, with the approval of His Majesty's Government, propose to instruct Bombay to take immediate steps to raise the Military Police force on these lines. Air Ministry condition regarding furlough, if we have understood it aright, would preclude not only the retention of Aden Troop personnel for the police but any recruitment from India except for very short terms.

We infer from your telegram of the 16th ultimo to the Army Department No. 483, that our proposal up to 50 police each for Perim and Kamaran is approved. In order to find these garrisons, together with a military police force for Aden itself which would also provide the necessary reliefs for the islands, total strength of the force must not be less than 200, of whom the Resident proposes to employ 31 for certain guard duties now performed by ordinary police, extra police strength being 169 net.

We strongly trust that these proposals will be approved. It is understood that the cost of the force will be borne by the Imperial Exchequer, *vide* your telegram of the 1st ultimo, 306.

[*Note*: In view of its urgency figures and doubtful passages in this telegram done by the Resident Clerk have not been checked. The checking will be done without delay.]

C. 59297/28 [No. 2].

No. 198.

AIR MINISTRY to COLONIAL OFFICE.

Air Ministry, Kingsway, W.C.2, 10th March, 1928.

SIR,

Recruitment of the Police at Aden.

I AM commanded by the Air Council to transmit for your information a copy of letter which has been addressed to the India Office on the above subject.

I am, &c.,
W. F. NICHOLSON.

Enclosure in No. 198.

(Secret.)

10th March, 1928.

SIR,

I AM commanded by the Air Council to refer to your letter of the 7th instant, enclosing a copy of telegram No. 474 from the Government of India, in regard to the recruitment of the police at Aden.

As the Air Council understand the proposals of the Government of India they would imply the retention for police services of the existing personnel of the Aden Troop, who would be allowed to continue their service under their present engagements as regards terms of pay, pensions and leave. The Air Council do not consider that this arrangement would be satisfactory. It is not their intention that the body of police required for duty at Perim and Kamaran should be regarded as a military police force, and they are convinced that it cannot be satisfactorily organised on a basis which would practically imply the continuance of a military organisation under a slightly different name. Any possible temporary economies as regards demobilisation concessions would be more than set off by higher costs in other directions, and by the need of providing for periodical furlough between Aden and India.

A further consideration is that the Air Council adhere to their opinion that 25 armed police at Perim and Kamaran, in addition to any further unarmed local police who it may be desirable still to retain, represents a sufficient force at either place under normal conditions. They are entirely unable to accept the suggestion that as many as 200 armed police are required to maintain these numbers, or to agree that the charges for so large a force should be borne by the Imperial Exchequer.

In these circumstances the Air Council, while much appreciating the assistance offered by the Government of India and the Bombay Government, consider that the question of local recruitment at Aden should be further considered as it appears to them that there are considerable administrative objections to the recruitment for police duties from personnel normally resident in India. They therefore suggest that any further action as regards the recruitment of police should now be suspended until the officer appointed to command the garrison has reached Aden and has been able to consider this question on the spot. Group Captain Mitchell is due to arrive at Aden before the end of the present month, and he will be able to report to the Air Ministry on the matter at an early date. Further proposals will then be submitted to the India Office.

If the Secretary of State for India so concurs, the Air Council would be grateful if the Government of India may be notified in this sense.

A copy of this letter has been sent to the Colonial Office.

I am, &c.,
J. A. WEBSTER.

The Under Secretary of State,
India Office, S.W.1.

C. 59297/28 [No. 11].

No. 199.

INDIA OFFICE to COLONIAL OFFICE.

India Office, 21st March, 1928.

THE Under Secretary of State for India presents his compliments to the Under Secretary of State, Colonial Office, and begs to transmit to him copy of correspondence with the Government of India on the subject of the recruitment of police at Aden.

Reference to previous correspondence: Letter to the India Office of the 10th March, 1928, from Air Ministry.*

Copy also sent to Air Ministry.

Enclosure 1 in No. 199.

TELEGRAM FROM SECRETARY OF STATE TO VICEROY.

(Dated 15th March, 1928.)

707. FOREIGN and Political Department. Your telegram dated 4th March, 474-S† Aden. Assistance of Government of India and Government of Bombay is much appreciated by Air Ministry, but they emphasise the objection to recruiting the police from personnel resident in India and wish further to consider the possibility of local recruitment. They also think numbers suggested excessive. They therefore suggest that further action should be suspended until new A.O.C. has had opportunity of considering question on spot when further proposals will be submitted by them in the light of his recommendations. Proposal seems reasonable and I trust you will agree. Papers by mail.

Addressed to Government of India 707, repeated to Bombay 708.

Enclosure 2 in No. 199.

TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA.

(Dated 19th March, 1928.)

602. S. YOUR telegram of the 15th instant, 707, which we are repeating to Aden. We concur. Meanwhile presumably disbandment of Aden Troop will remain in abeyance.

Addressed to Secretary of State for India and repeated to Bombay and Aden.

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* Enclosure in No. 198.

† Enclosure in No. 197.

C. 59297/28 [No. 44].

No. 200.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 26th June, 1928.

WITH reference to previous discussion in regard to the police arrangements at Aden under the new system, I am directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copy of the telegraphic correspondence noted in the margin.

Telegram to Government of India (repeated to Bombay and Aden), No. 1411, dated 25th May.
Telegram from Acting Resident, Aden, dated 28th May, No. 198.
Telegram from Government of India, dated 1st June, No. 1110-S.
Telegram from Government of India, dated 8th June, No. 148-S.

2. In accordance with the decision of His Majesty's Government, the final decision on the question of local recruitment for the proposed armed police for duty at Aden and in the Islands is to await the report of the new Resident, and the question of the ultimate organisation of the Aden police forces, civil and armed, of the control of the armed police, and of the relation of the civil and the armed branches to one another and to the Air Force units in Aden, must, in Lord Birkenhead's view, equally await decision in the light of Sir Stuart Symes' recommendations. The Secretary of State feels, however, that the information contained in the telegrams of which copies are now forwarded places him in a position to deal, without further delay, with two of the questions which have been under the consideration of the interested Departments and of His Majesty's Government in this connection. These questions are that of the inefficiency of the existing civil police, and the Air Ministry proposal that the responsibility for the control of the police, whether civil or armed, at Aden should be transferred from the Government of Bombay and the Government of India to His Majesty's Government.

3. As regards the first of these questions, Lord Birkenhead would invite the attention of Mr. Secretary Amery to the telegram dated 28th May from the Acting Resident at Aden and the telegram from the Government of Bombay, dated 30th May, No. 669C, repeated in the Viceroy's telegram No. 1110-S of 1st June. His Lordship has given the most careful consideration to this question, and has again reviewed the correspondence which has passed and the record of the oral discussions in the Standing Aden Committee, the Interdepartmental Committees on Aden, and elsewhere, in the course of which reference was made by the Air Ministry representatives to the lack of efficiency of the existing civil police. The conclusion to which he is led is that a certain degree of difficulty and misunderstanding has arisen from the use of the word "efficiency" in this connection in different senses. Until he had before him the views expressed by the Acting Resident and by the Government of Bombay, the Secretary of State felt some difficulty in refusing to accept the very categorical allegations made by the representatives of the Air Ministry as to the inefficiency of the police in question. He now directs me to say, however, that in the light of the fuller information available to him he has reached the conclusion that the inefficiency referred to can only be regarded as relative, that the existing civil police at Aden, when the necessary steps have been taken to increase their strength on the lines referred to in the Government of Bombay's telegram to the Viceroy of 30th May and to improve their organisation, will be fully adequate to discharge all the responsibilities for internal security which can properly fall on a civil and unarmed police force in any part of the Empire, and that they cannot reasonably be stigmatised as inefficient because they are not competent to discharge duties which do not normally fall to be discharged by civil police without the backing of troops.

In Lord Birkenhead's view, it follows that the liability of the Government of India for the provision of an efficient civil police force will be discharged when the measures of reorganisation referred to above have taken effect: they cannot properly be required to maintain at their expense a civil police force at Aden of such a character that it can in all circumstances stand without the support of armed forces; and in these circumstances the Secretary of State must definitely claim that financial responsibility both for the raising of such armed police as are necessary to supplement the existing civil police consequent on the withdrawal of the infantry battalions hitherto maintained at Aden, and for the cost of the retention of the British battalion, should this be necessitated by considerations of security pending the raising of armed police, must be regarded as an Imperial liability.

4. On the second question referred to in paragraph 2 above, Lord Birkenhead has given the fullest and most careful consideration to the arguments adduced by the

Government of Bombay and the Government of India, who, as will be observed from his telegram of 25th May, No. 1411, were directed to consider the problem primarily from the point of view of the practicability of the change suggested by the Air Ministry. In His Lordship's judgment, the arguments of the Indian Governments against the change in question are conclusive, and he is satisfied that the transfer of control of, and responsibility for, the civil police from the Government responsible for the maintenance of law and order and internal security would not merely be objectionable on constitutional grounds, but would politically be quite impracticable. He is unable, therefore, to accept the Air Ministry proposal (though he agrees that on the assumptions stated by the Government of Bombay in their telegram dated 30th May the transfer to the Home Government of a degree of control might be considered at Perim and Kamaran), and he directs me to support the suggestion of the Government of Bombay that the question of the practical arrangements by which the closest and most friendly co-operation could be secured between the police force, for whom the Government of Bombay would remain responsible, and the fighting forces in Aden, might best be left for Sir Stuart Symes to examine in consultation with the Air Force Officer Commanding and the experienced Indian police officers who have now been deputed to Aden. His Lordship feels that it is unnecessary to assure Mr. Amery that he will give the fullest and most sympathetic consideration to the recommendations of the new Resident on this as on other points arising out of the new arrangement at Aden.

5. A copy of this letter is being sent to the Air Ministry and the Treasury.

I have, &c.,
M. C. SETON.

Enclosure 1 in No. 200.

PARAPHRASE TELEGRAM FROM SECRETARY OF STATE TO GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT, No. 1411, DATED 25TH MAY, REPEATED TO BOMBAY, No. 1412, AND TO ADEN, No. 1413.

IMMEDIATE. Committee of Imperial Defence and Cabinet have had under their consideration whole question of Aden police which, in view of delay in arrival of new Resident and urgent necessity of dispensing with British battalion in early autumn, has now assumed immediate practical importance. They have arrived after careful consideration of the position as a whole, including draft scheme prepared by you for recruitment of armed police in India, at the following conclusions :—

(1) New Resident's departure for Aden to be expedited as much as possible.

(2) Decision on question whether recruitment of proposed armed police shall take place locally or in India to be postponed until Symes has had time to study it in Aden. He hopes to telegraph considered views within six weeks of arrival, which is at present timed for 15th July, but report will be expedited correspondingly if he is able to arrive by 1st July, as I hope.

(3) Government of India to prepare at once and have ready in every detail two alternative schemes—(*a*) for local recruitment; (*b*) for recruitment in India, and early despatch; so as to enable immediate action to be taken once His Majesty's Government have arrived at decision on Symes's report, and views on it of Government of India. His Majesty's Government are anxious that it should be possible to release British battalion not later than October.

(4) Throughout correspondence inefficiency of existing civil police has been brought to notice, and has been under consideration of His Majesty's Government. They have decided that you should be asked at once to send to Aden to undertake immediate reorganisation of civil police, study question of recruitment locally for proposed armed police, and assist new Resident with advice when he arrives, two highly competent British police officers. Immediate action on this point is regarded as of the greatest importance, and I request that date of sailing of officers in question may be telegraphed.

(5) Attention has been drawn by Air Ministry to difficulties likely to arise from division of responsibility for control of security forces, including civil police, between India and Home Government, and transfer of police to control of His Majesty's Government has been suggested by them. His Majesty's Government fully appreciate political and constitutional difficulties involved in removal of responsibility for police whether civil or armed, from civil Government, but would welcome expression of your views at earliest possible moment, and I shall be glad if question can be studied now primarily from point of view of practicability, and your conclusions communicated to me by telegraph.

Difficulty of disposing at relatively short notice of complicated questions involved is recognised by me, but I must request that no steps should be left untaken to secure effective action with minimum of delay when the time comes on lines set out above, and I shall be glad if you will telegraph your proposals on the various points concerned, so that thorough consideration can be given to problem in all its aspects and final decisions in consultation with you arrived at in time to enable action to be taken immediately, once Symes's report on question of recruitment has been received by His Majesty's Government.

Cabinet have not considered question of incidence of cost as between Indian and Imperial revenues of new armed police, and this must await decision on reorganisation It seems, however, clear that in any event India must be prepared to carry the cost of bringing up to level of efficiency existing civil police, and so, at the present stage, the cost of officers of Indian Police who are to be despatched from Bombay. It is, however, essential that action indicated in this telegram should not be delayed by consideration of question of incidence.

Enclosure 2 in No. 200.

PARAPHRASE TELEGRAM DATED ADEN, 28TH MAY, 1928, No. 198, FROM ACTING RESIDENT AT ADEN TO GOVERNMENT OF BOMBAY AND GOVERNMENT OF INDIA IN THE FOREIGN AND POLITICAL DEPARTMENT. REPEATED TO SECRETARY OF STATE FOR INDIA.

I VENTURE to suggest, with reference to India Office telegram 1413 of 25th May, that the term " inefficiency " used by the Secretary of State in connection with the police at Aden is perhaps misleading. The force has hitherto apparently for years past been equal to the duties it has had to perform under the old conditions, *i.e.*, with the military garrison here. At intervals various proposals for strengthening it have been made by inspecting officers and by Residents, and it is to be presumed that the action taken on these proposals has met with the approval of Government, as otherwise their dissatisfaction would have been noted by them. The force was inspected by the Commissioner of Police, Bombay, in last November, consequent on the proposal by General Stewart for an increase in its strength, and he was, I understand, generally satisfied as to its adequacy for its duties under the old conditions, although he made certain suggestions as to the redistribution of duties and recommended an increase in strength.

Now, however, that the force is about to lose the moral and material support of ground troops, it has to attain to a new standard which it has not at present got, and which was hitherto unnecessary. While the deputation of two British police officers will be a welcome assistance to the Political Officer, who is at present, in addition to his other duties, charged with the command of the force, I am doubtful whether, without the reorganisation of the terms of service of its superior grades and the reorganisation of its recruitment, any material advance can be effected towards its new responsibilities.

Enclosure 3 in No. 200.

PARAPHRASE TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, No. 1110-S, DATED 1ST JUNE, 1928.

FOLLOWING telegram, No. 669-C. dated 30th May, has been received from the Government of Bombay. *Telegram begins* :—Please see the telegram No. 1412, dated 26th May, from Secretary of State. Aden Police. We have detailed two highly competent Indian Police officers, Gerrard and Wilkins, to proceed at once, for the purposes stated in paragraph No. 4, to Aden. They sail by the earliest possible steamer, which is on the 9th June. The Bombay Government do not understand or accept statement that throughout the correspondence the inefficiency of the existing civil police has been brought to notice, and they would wish to be referred to details of such correspondence. They would point out, if such statement is based on reports by officers of the Royal Air Force, that such officers have had no time to ascertain local conditions in Aden, and can have little knowledge of police work in the East. Reference on the subject is invited to the telegram, No. 198, dated 28th May, from the Acting Resident at Aden. I am further to say that, before the present question arose, the insufficiency of the ordinary Aden Police was under consideration, and that a scheme for strengthening the force, which was delayed by the present question, had been completed by the Government of Bombay. The Government of Bombay are unable, as regards paragraph No. 5 of the telegram, to appreciate the difficulty supposed

to arise from the question of divided responsibility for control of security forces. The police and forces provided for purposes of internal security must be under the Civil Government. Internal security is the responsibility neither of the Air Force Commandant, nor of the Air Ministry, nor of the Colonial Office. If the new military police are organised for other purposes, as now becomes increasingly evident, this fact might well be recognised, and the force recruited and put direct under the Air authorities. External security is the responsibility of the military force under the Home Government, while civil forces under Indian Government are responsible for internal security. In his dual capacity, the Resident is responsible for both, and co-operation will be ensured by him. In India and elsewhere where military forces and civil police are under separate commands, a similar position exists, and no difficulty is experienced from it. As far as Aden itself is concerned, the necessity for transferring to the control of the Air Force Commandant, and ultimately to His Majesty's Government, the civil police, seems non-existent. The position may be different for Kamaran and Perim, if police forces and officers only are stationed there, and responsibility for meeting external aggression rests with them.

Proposal seems wholly impracticable from a political point of view. A large sum is paid by India for the maintenance of connection with Aden, and the transfer to the Colonial Office of a part of the civil administration so important as the police would be greatly resented and be regarded with much suspicion. Constitutional position of responsibility for internal peace and security of Indian Governments would seem impossible while police are transferred to another authority. We would suggest that the question of the manner in which the closest and most friendly co-operation between the fighting forces and the police under India can be secured might be left for discussion between the police officers now deputed and Symes. The police officers in question are being instructed to work out a scheme for recruitment locally in detail, and carefully to examine and suggest any alterations which may be necessary in the scheme submitted with Bombay Government's letter No. 669-C, dated 27th March last,* for recruitment in India. In my telegram No. 669-C to the Government of India of 9th February (*sic*, 8th), in which it was estimated that six months would be required for the raising and training of an efficient force, the difficulty as regards the time factor has already been pointed out. If the new Resident reports his opinion by, say, the 15th August, apart from the time required for arriving by the various authorities involved at a decision on the matter, the interval between that date and October is obviously wholly inadequate for the raising and training of forces either in India or locally. Addressed to Viceroy, Foreign and Political Department, Simla, and repeated to Resident at Aden.—*Telegram ends.*

Comments of the Government of India will follow in due course.
Foregoing has reference to your telegram, No. 1411, of the 26th ultimo.

Enclosure 4 in No. 200.

PARAPHRASE TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, DATED 8TH JUNE, 1928, No. 1148-S.

PLEASE refer to our telegram No. 1110-S of the 1st June. In general we concur with the Government of Bombay. Although the insufficiency of the present strength of the Aden Police in the absence of military backing has been emphasised throughout, we have been unable to trace any references to their inefficiency. We wholly endorse the objections of the Bombay Government as regards the proposal to place police under the control of the Royal Air Force. We do not in doing so attach undue weight to the constitutional objection to which you refer in your telegram, but with Bombay we feel that it would be quite impracticable to abandon control of the police, and that indignation would be aroused were we to do so against the recent settlement, which, on the score that India's control is being parted with piecemeal, has already been exposed to sustained criticism.

The question whether the armed police should or could be divorced from the civil police is one which must largely depend on the inquiry into their functions, both in Aden and the islands, now being instituted by the two police officers. It would be advisable, should it be found desirable and possible to transfer the armed police from civil control, to give them, so as to stress their quasi-military character, some such

* Copy attached. (Enclosure 5.)

title as the "Aden and Islands Rifles." The initial difference of opinion over their strength is, however, we feel, the real difficulty.

Enclosure 5 in No. 200.

FROM J. R. MARTIN, ESQ., C.I.E., CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, TO THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

Subject:—*Aden Armed Police.*

(Confidential No. 669-C.)

SIR, Political Department, Bombay Castle, 27th March, 1928.

WITH reference to the correspondence ending with your telegram No. 636-I.S., dated the 22nd March, 1928, I am directed by the Governor in Council to forward a statement showing the cost of providing 200 armed police for Aden, Kamaran, and Perim, with the necessary officers. In the case of the District Superintendent of Police and two Assistant Superintendents of Police, the cost includes, besides their average and overseas pay, an allowance of Rs. 200 per mensem to the former and Rs. 150 per mensem each to the latter. The emoluments of the remaining officers and men of the force are made up as shown below:—

	Pay.	*Clothing.*	*Ammunition.*	*Accoutrement.*	*Separation Allowance.*	*Total.*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sub-Inspector ..	120.6	3.3	.4	–	–	124.3
Jemadar	50	1.5	.625	.125	15	67.25
Head Constable IInd Grade ..	43	1.5	.625	.125	12	57.25
Head Constable IIIrd Grade ..	36	1.5	.625	.125	12	50.25
Head Constable IVth Grade ..	28	1.5	.625	.125	12	42.25
Constables	23.4	1.5	.75	–	9	34.65

The entire force will require free quarters and free rations.

2. The proportion of Head Constables to Constables is fixed at 1.5, which is the average proportion at important Headquarters in the Presidency proper. A force of 200 armed police with detachments at Kamaran and Perim will require four officers of the grade of Sub-Inspectors—one to be in charge at Aden, one for duty at each of the Islands, and one to facilitate reliefs and work as general assistant to the Headquarters' Sub-Inspector at Aden. For the rest the proportion of officers is based upon the Presidency average.

3. The District Superintendent of Police would have to be provided from the ordinary strength of officers of this rank, and a young acting officer would probably be most suitable and readiest to take up the appointment. It is not possible to supply immediately two Assistant Superintendents of Police from the Presidency as the officers are not available and the cadre has no provision for them. Further, very junior officers would not have the required experience, and senior men could only be posted to the detriment of their prospects, since they would be debarred from acting in charge of districts. As a solution of the immediate problem, it would be possible to promote two men from the Inspector's grade, and put them on deputation until permanent Assistant Superintendents of Police are forthcoming. The Commissioner of Police, Bombay, reports that suitable officers who had held commissions during the war would be forthcoming from the force under his command. It is possible that three officers may eventually be required to provide for reliefs.

4. The total recurring expenditure excluding the cost of free rations and free quarters, is calculated at Rs. 1,36,230 per annum. In addition a non-recurring expenditure on account of arms as shown below will be necessary:—

	Rs.
4 revolvers for 4 Sub-Inspectors at Rs. 120 each	480
202 .303 rifles with accessories for the Constables at Rs. 43 each	8,686
	9,166

It will be necessary to recover in lump the cost of clothing and accoutrements supplied to the men deputed, since the men enlisted in their places would have to be provided with uniform. This would roughly come to Rs. 14,140 at Rs. 70 per man.

An item of expenditure which has not been provided for is the cost of transport of the force to and from Aden and the Islands.

5. It is proposed to raise the bulk of the force from Sind from the Punjab, Awan, and Pathan members of the Armed Police. It is reported that a number of these would be willing to go to Aden on tours of three years' voluntary foreign service on the terms specified above plus leave at the end of such tours. From this source and the Aden Troop it is calculated that the necessary numbers could be made up in the first instance. If the terms and service are sufficiently attractive recruiting to fill vacancies later should be an easier matter.

I have, &c.,
J. R. MARTIN,
Chief Secretary to the Government of Bombay,
Political Department.

STATEMENT SHOWING THE NUMBER OF ARMED POLICE REQUIRED FOR ADEN, KAMARAN, AND PERIM.

	Aden.	*Cost, including clothing and separation allowances per mensem.* Rs.	*Kamaran.*	*Cost, including clothing and separation allowances per mensem.* Rs.	*Perim.*	*Cost, including clothing and separation allowances per mensem.* Rs.
Head Constables :—						
IInd Grade ..	3	171.75	2	114.5	2	114.5
IIIrd ,, ..	6	301.5	2	100.5	2	100.5
IVth ,, ..	8	338	4	169	4	169
Constables	83	2,875.95	42	1,455.3	42	1,455.3
Total ..	100	3,687.2	50	1,839.3	50	1,839.3
		Officers.				
Jamadars	2	134.5	–	–	–	–
Sub-Inspectors ..	2	248·6	1	124.3	1	124.3
Assistant Superintendents of Police	–	–	1	961.2	1	961.2
District Superintendent of Police ..	1	1,432.6	–	–	–	–
Total ..	5	1,815.7	2	1,085.5	2	1,085.5

Grand Total 5,502.9 × 12 = 66,034.8 plus 2,924.8 × 12 = 35,097.6 plus 2,924.8 × 12 = 35,097.6 = Rs. 1,36,230 per annum.

C. 59297/28 [No. 47].

No. 201.

THE ACTING RESIDENT to THE SECRETARY OF STATE.

(Received 4.40 p.m., 28th June, 1928.)

TELEGRAM.

(Paraphrase.)

No. 236. 28TH JUNE, 1928. Your telegram of 25th June.* Views of Gerrard are as follows :—*Begins.*—Present Aden police force is below the standard of efficiency that would be considered necessary for civil station in India where there is no garrison. At present it is purely an unarmed town force and under strength and is unsupported by an armed branch and therefore in its existing form cannot be compared with an Indian District Police Force. Until the force is reorganised it cannot be entrusted with the responsibility of maintaining law and order in the absence of immediate military aid. —*Ends.*—FOWLE.

* Not printed. The reference is probably to a Bombay Government telegram.

C. 59297/28 [No. 56].

No. 202

AIR MINISTRY to COLONIAL OFFICE.

SIR, Air Ministry, London, W.C.2, 2nd July, 1928.

I AM commanded by the Air Council to refer to the question of police arrangements at Aden and to the letter* addressed to the Colonial Office on this subject by the India Office on the 26th ultimo.

The future recruitment and organisation of the police force are matters which, as the Air Council recognise, must await the report of the new Resident. They feel, however, that the India Office letter rests, in at least one respect, upon a conception which should not, in the Air Council's view, be accepted without demur.

The Air Council cannot agree :—

(*a*) that the criticisms which have been levelled against the police force at Aden have proceeded from the Air Ministry alone; or

(*b*) that they are founded upon an application to that force of standards to which it is unreasonable to expect a Civil Colonial Police Force to attain.

As regards (*a*) the Air Council observe that the last three Annual Reports on the Administration of Aden state that " The conduct of the police in general was fair " for the periods respectively under review. These statements hardly indicate a high valuation of the efficiency of the force, even on its existing basis. Still more definite confirmation of the views expressed both by Group Captain Burnett when he visited Aden and by the present Officer Commanding the British Forces is afforded by the telegram addressed to the Secretary of State for the Colonies by the Acting Resident at Aden on the 28th ultimo (No. 236).† This telegram states that the police force is below the standard of efficiency that would be considered necessary for a Civil station in India where there is no garrison, and cannot, in its present form be entrusted with the responsibility for maintaining law and order in the absence of immediate military aid.

As regards (*b*). While the inefficiency of the police may only be " relative," it is relevant to observe that the standards hitherto prevailing at Aden appear to be at variance with those generally, if not universally, adopted in other British Dependencies. According to the Air Council's information, the police forces in those Dependencies are invariably trained in the use of arms, and this is no less the case in Dependencies where military garrisons exist. The police forces, for example, at Jamaica, Cyprus, Hong Kong, Sierra Leone, and Mauritius are all, it is understood, trained to use and supplied with arms. The only Dependencies which, in fact, are believed to provide exceptions to this rule are Gibraltar and Malta, where the conditions as regards the standards of civilisation and order of their inhabitants afford no analogy to those which exist at Aden with its mixture of potentially discordant races.

The Air Council do not suggest that the Civil Administration should be required to maintain a police force " of such character that it can in all circumstances stand without the support of armed forces." But they consider that the Civil Administration can reasonably be asked to provide and maintain, as part of its normal responsibilities, a police force equal in standard of equipment and training to the civil police force of overseas Dependencies in general.

The fact that the effect of a lower standard of efficiency has hitherto been masked by the presence of a large military garrison does not, in the Air Council's view, afford an adequate reason why normal responsibilities for the maintenance of law and order should not be accepted by the Civil Administration now that His Majesty's Government have decided that defence requirements proper can be met by a smaller military garrison with a revised disposition of its units.

Finally, in regard to the future control of the police at Aden, the Air Council take note of the views expressed by the Government of India on this subject, and of their endorsement by Lord Birkenhead. Pending the receipt of the recommendations of the new Resident, the Air Council do not desire to offer any observations upon this aspect of the case, other than to say that they have no desire to press for the transference of the control of the police force from the Civil Administration, provided that they have adequate assurance of its efficiency.

Copies of this letter have been sent to the India Office and Treasury.

I am, &c.,
J. A. WEBSTER.

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* No. 200. † No. 201.

C. 59297/28 [No. 66].

No. 203.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 20th August, 1928.)

[*Answered by Nos.* 207 *and* 209.]

(No. 130.)
(Secret.)

SIR, Residency Office, Aden, 7th August, 1928.

I HAVE the honour to forward, for your information, a copy of a despatch on the Aden Police addressed to the Government of Bombay, together with copies of Mr. Gerrard's reports.

I have, &c.,
[Signature illegible],
for Resident and Commander-in-Chief,
Aden.

Enclosure in No. 203.

(Secret.)

SIR, The Residency, Aden, 4th August, 1928.

1. I HAVE the honour to submit recommendations as to the measures to be taken for the maintenance of public security in the Settlement at Aden and on the islands of Perim and Kamaran.

The immediate requirements are for:—

"A."—Maintenance of Police services in the Settlement.
"B."—Suppression of civil disorders in the Settlement.
"C."—Protection of life and property in the two islands.

The forces now available for these purposes are:—

For "A."—The Aden Civil Police.
" "B."—2nd Bn. South Wales Borderers (until next May ?).
" "C."—Detachments left over from the Aden Troop which are to be relieved shortly by two platoons of the newly-raised Aden Protectorate Levies.

2. While I see no feasible alternative to entrusting functions under "C" to the Levies for the next 12 to 18 months, I think that these functions, as well as those under "A" and "B," could best be rendered by a police force, a part of which would be armed, to be raised and trained at Aden. The nucleus of this force should be the Aden Civil Police, of which the present establishment and approximate cost are:—

Officers.	*Inspectors.*	*Jamadars.*	*Constables.*	*Clerks.*
1	8	4	299	8

Annual Cost, Rs. 1,93,420.

Mr. F. W. Gerrard, C.I.E., who with Mr. P. B. Wilkins were deputed by the Government of Bombay to study and report* on this matter, has advised me that a reorganisation for the purposes above would require an increased Establishment as under:—

British Officers.	*Inspectors.*	*Jamadars.*
2	14	4

Armed Police.	*Constables.*	*Clerks.*
254	292	13

I recommend that the new establishment proposed by Mr. Gerrard should be accepted provisionally, but be made subject to revision after one or two years practical experience.

3. The organisation of the new force, its training, terms of service, and cost, will depend upon the source or sources from which the 250 recruits required to increase the present Establishment are to be obtained.

Are they to be recruited, predominantly or exclusively, (*a*) in India, or (*b*) locally, *i.e.*, from Aden, the Protectorate and neighbouring countries (Yemen and Somaliland)?

* Report dated 6th July, 1928 (Sub-Enclosure 1).

Mr. Gerrard treats this important issue in his report dated the 13th ultimo* which, together with his report of the 6th ultimo, were forwarded to you with my despatch No. C 414 of 28th July. He favours (*a*) as being likely to secure the best material.

I have discussed the subject with him and with others who are better acquainted with local conditions than he or I. There is divergence of view among them but, so far as I have been able to ascertain, his opinion reflects that of a majority of the persons most competent to advise, and I have little doubt that if it were possible to recruit without delay 200 to 250 Indians of the types suggested by Mr. Gerrard they would be more reliable and serviceable immediately than Arabs or Somalis.

4. My own view, however, is that our present course of action should be guided by a wider perspective in which considerations of immediate expediency may become of secondary importance.

Ideally I think there should be at Aden a police force composed predominantly of men who speak, read and write the language used by the great majority of the local population, and by all the natives of the Hinterland. A force of this kind would be cheaper, simpler to administer and train, and less alien to the local population than a force in which roughly 50 per cent. would be locally recruited to perform technical police duties, and the rest would be composed of men recruited from India to act as armed police. In this connection I may note that although everyone agrees that the existing civil police are not as efficient as they might be, no one has suggested to me that Indians ought to be substituted for the present Arabic-speaking members of that force. I believe that it is possible to form in Aden a police force recruited locally, which would be capable of discharging in a reasonably satisfactory manner all the functions given in paragraph 1 above. A force of this kind will take time to create, and the conditions necessary to its creation must be provided. The primary conditions are British command and direction, a careful selection of recruits, and an effective system of training in discipline and police duties. I recognise that the risk of ultimate failure cannot entirely be ignored, but I think that it may be taken, and I recommend that a serious effort be made to obtain such a force.

5. I also recommend that for the period required to recruit and train the new force, a section of 100 armed Indians should be engaged for temporary service at Aden to perform guard duties and act as a reserve for any emergency that may arise. The terms of their engagement need not exceed two years, as by then it should be possible to report with certainty on the capacities both of levies and police to discharge their respective functions. This Indian section would require at least one and preferably two British Officers additional to the two British police officers shown in the table in paragraph 2 above. As soon as it has been formed and taken up its duties, the 2nd Battalion South Wales Borderers can be relieved of further responsibility in respect of function "B" (paragraph 1). The section might be raised in one of the following ways:—

(i) By engaging men of the Aden Troop who are willing to join the section, and recruiting the rest from ex-soldiers in India. I am advised that, if satisfactory conditions of service were offered, at least 34 and probably more of the present troopers would elect to remain temporarily at Aden. I am favourably impressed with the troop and its officers, and I think this solution of the problem would be the best and quickest. If it is to be adopted the decision must be taken immediately, as the troopers are due to be mustered out and repatriated to India. Alternatively, (ii) the section might be raised as proposed by Mr. Gerrard, partly by deputation of armed police, and partly by Indian (ex-soldier) recruits from India. If neither of these alternatives are acceptable, I can only suggest that a Company of Indian Infantry—the smallest unit capable of being detached from its Headquarters in India—should be sent to Aden at once.

In the event of it being possible to provide the necessary funds to form the Indian section, and to post the British Police Officers and additional Inspectors (several of whom must know the Arabic language) before the end of this year, local recruitment of 150 men may be begun, and, nine months from the actual commencement of training, the Aden Police Force should be in a position to replace the Protectorate Levies on the islands. It will then be for consideration in the light of practical experience to what extent men recruited from the Levies who will become surplus to establishment, or from other local sources can be absorbed into the regular police establishment and substituted for the Indian section.

6. Without attempting to enter into details, I estimate that the total costs of the foregoing proposals will be approximately as under:—

The Aden police force will not be an expensive one, and so far as I can ascertain

* Sub-Enclosure 2.

there will be no heavy initial expenditure on offices and barrack accommodation. I think, therefore, it may safely be assumed that the annual cost of the force will ultimately not exceed the total figures of Rs. 3,88,471 quoted by Mr. Gerrard in his report. The force will not, however, be recruited to its full establishment at any rate for the first nine to twelve months, and an annual saving of approximately Rs. 41,000, representing the salaries, &c., of 100 constables, will be made under this heading. This amount will be available to defray a part of the cost of the Indian section which, assuming its members are given similar treatment as regards salary, allowances, &c., as the Aden Troop, will cost approximately Rs. 77,000 a year (inclusive of provision for two British Officers).

As regards the incidence of these costs on His Majesty's and the Indian Governments respectively, I enter with diffidence on what, I am aware, is delicate ground. But, looking at the question from a purely local standpoint, it seems to me that the costs of the reorganisation of the Aden police force, including expenditure on the temporarily engaged Indian Section, should be borne by the Government responsible for the administration of the Settlement, *i.e.*, by India. The functions of the new force in the settlement will be similar to those discharged by local police forces in Colonies and Dependencies of the Empire, and the fact that hitherto owing to the presence in a small place of a large garrison, the local police have been neither capable nor required to assume all these functions is, I submit, irrelevant. The question of the cost of the police detachments at Perim and Kamaran is on a different footing. The circumstances and isolation of these islands demand that the police stationed there should be given special organisation and training. Actually their primary function is to protect the islands from murder and sabotage by coolies or bandits from the mainland. It has been decided to substitute armed police for the small military garrison hitherto charged with this function, but the nature of the function has not changed. I consider, therefore, that it would be reasonable to ask His Majesty's Government to make an annual subvention to the Aden Police Force to meet the cost of training and maintainance of the police detachments on these islands. The actual amount of this subvention, which might be fixed for the first year at Rs. 75,000 could thereafter be reviewed at intervals of (say) three years.

7. In submitting this report I have tried as concisely as possible to trace the lines of a policy and action which if prosecuted vigorously will, I believe, secure the requirements of His Majesty's and the Indian Governments for the economical and adequate policing of the Aden Settlement and its two principal dependencies. I respectfully submit that an early decision as to these lines is very desirable. If, as I hope, my recommendations are approved in principle, the details of their execution and financial arrangements can be worked out later but, in that case, I trust there will be no delay in :—

(*a*) Communicating general approval of them;
(*b*) Forming the Indian section of the Police;
(*c*) Sending the additional personnel—British and others—required for the training of new Police recruits; and
(*d*) Nominating the British Police Officer who will raise and command the force.

I need not stress the importance of (*d*) and the advantage of the officer being posted at an early date in order to take charge of the preliminary arrangements. I will only say that if in view of the importance and difficulty of the work in its early stages it was found possible temporarily to secure the services of so senior a Police Officer as Mr. Gerrard, I am confident that the prospects of quick and successful accomplishment would be increased.

I have sent copies of this despatch to the Colonial Office, the Foreign Department, Simla, and to the Air Ministry.

I have, &c.,
G. S SYMES,
Resident and Commander-in Chief

To the Chief Secretary to Government of Bombay,
Political Department,
Bombay.

Sub-Enclosure 1.

From F. W. GERRARD, ESQUIRE, C.I.E., J.P., ON SPECIAL DUTY, ADEN, to THE POLITICAL RESIDENT, ADEN.

Aden, 6th July, 1928.

SIR,

I HAVE the honour to submit herewith my proposals for the reorganisation of the Civil Police of Aden, Perim and Kamaran.

The need for an armed police force has arisen on account of the intended withdrawal of the British and Indian Regiments from Aden and it is essential that the force which will be responsible for the internal security of Aden and the protection of the islands of Perim and Kamaran should be a properly organised force, armed with a modern magazined rifle, thoroughly trained, disciplined and to be relied on to deal with internal disturbances, unaided by military forces. The need for the reorganisation of the Town Police arises out of the changed conditions and a force of unarmed police is required of sufficient strength to provide for the preservation of law and order and the detection and prevention of crime At present the force is under strength; systematic training cannot be undertaken; a comparatively large number of men are utilised as orderlies who should not be supplied from the police force, while the balance of the men have to do long stretches of duty—12 hours a day on end—making it impossible for training to be carried out and resulting in a necessary relaxing of discipline to the detriment of efficiency. To ensure efficiency, smartness and the guarantee of the proper performance of duty, the men must have reasonable hours and regular tours of duty. I have studied the needs of each Police Station and, introducing the sectional system for beats and points and night-flying squad duties, have estimated the necessary working strength at the lowest possible figure. I have omitted from the strength of each Police Station the number of men who are doing armed police duties and also the number of those men who are doing purely traffic duty, having made provision in the armed police strength for the duties at present performed by the former and in the traffic department for the duties at present performed by the latter.

The Force has been organised as a whole under a District Superintendent of Police, and an Assistant Superintendent of Police to replace the Assistant Resident at present in charge of the Police at Aden and the Deputy Superintendent at present in immediate charge. Two officers are necessary as, in addition to the work of training of an armed force at Headquarters and the supervision of the working of the Town Police, frequent visits will have to be made to the islands. The D. S. P. will be in sole charge, subject to the control of the Resident as Administrative head of the Department. The D. S. P. will have full powers of appointment, promotion and dismissal and will be responsible for the training, discipline and working of the Force. Appeals against orders of reduction and dismissal will lie with the Resident. In view of the absence of military support in the event of internal disturbances, the possibility of the new force having to deal with raids on the settlement by robbers from the surrounding country and of the special nature of the duties to be performed at Perim and Kamaran, it is essential that the D. S. P. and the A. S. P. should be specially chosen officers. Crime is not heavy and is of little consequence in comparison with the other duties and responsibilities that will fall on the Aden Police Force. A young and energetic D.S.P. assisted by a junior A.S.P., both of whom have special qualifications for training and maintaining a high standard of efficiency in an armed force, will be the most suitable. They should receive an Aden Allowance of Rs. 200/- and Rs. 150/- a month respectively. The Aden climate is trying, the responsibility that will fall on them will be heavy, and it is essential that the terms of service should be made sufficiently attractive to ensure that good officers will be willing to stay in their appointments for some years. Their duties will require their travelling daily over a considerable mileage. Steamer Point and the Crater are five miles apart while Sheikh Othman is 10 miles distant with outlying posts, several miles farther. The Aden atmosphere is exceptionally hard on cars and tyres, depreciation is rapid, and petrol and oil is 50 per cent. more expensive than in India. I consider that the minimum car allowances these officers should receive are Rs. 200/- and Rs. 150/- p.m. respectively.

The armed and unarmed strengths are worked out on the actual minimum requirements of each branch. Provision has been made in the total strength for a 15 per cent. reserve for leave and training in each branch, thus removing the irregular system

at present in vogue of having no reserves and allowing for leave by adding 10 per cent. to the budget estimates of pay and allowances and appointing untrained men in leave vacancies. The 10 per cent. at present allowed for will represent a saving. Before the present situation arose, it was the intention of Government on Mr. Kelly's report to increase the strength of the Police Force, excluding officers, to 33 Head Constables and 311 constables, a total of 344 men. After the present situation arose, the need for an armed force of 200 rank and file was admitted. An increase of the Force to a total strength of 544 rank and file was, therefore, contemplated. The proposals now put forward by me allow for a total of 546 rank and file in both branches. Circumstances have changed since Mr. Kelly's visit, and if the force is to be efficient and serve the purposes for which it is required, the numbers cannot be reduced in either branch.

The cost of the force has been worked out as a whole. The proportioning of the cost between Government, the Military Authorities, the Settlement and the Port Trust will be a matter of separate accounting and need not be entered into by me. It is understood that the cost of the police detachments at Perim and Kamaran will not fall on the Bombay Government. The Settlement pay the cost of the Police at Sheikh Othman and the Port Trust pay a moiety of the cost of the Harbour Police, including the Ma'ala Harbour Police Detachment.

Head Office and Clerical Establishment.

The present strength of the Police Establishment is insufficient to cope with the work that now has to be done; it is understood that proposals have already been submitted for an increase in establishment. A reorganised and increased force will mean increased office work and a fully staffed office is necessary. At present constables drawn from the executive strength are used to supplement the office establishment, and constables, drawn from police stations, are used as office orderlies. Men should not be drawn from the executive force for clerical duties, and the employment of peons in place of constables for office orderly work is a measure of economy. I have, therefore, allowed for three peons for office orderly duties. The present strength of clerks is eight, four of whom work in the Head Office and one at each of the Police Stations of Tawahi, Crater and Sheikh Othman, and one at Perim. A clerk at Perim is unnecessary. The Officer Commanding the detachment there can do what little clerical work there will be. The clerk should be withdrawn and employed in the Head Office. Clerical work at the Ma'ala Police Station does not justify the employment of a clerk there. I propose to appoint a writer constable. Writer head constables and writer constables cannot be employed in all police stations, as men are not available at the rates of pay of head constables and constable with sufficient education to do the clerical duties that will fall on them. I am allowing in the clerical establishment for four clerks, one for Headquarters and one for each of the Police Stations, Tawahi, Crater and Sheikh Othman. There are three officers at the Harbour Police Station who can do the clerical work with the assistance of a writer constable. The office establishment required will be (vide statement G) 1 Head Clerk, 1 Accountant, 3 Clerks on the upper scale (1 Assistant to the Head Clerk, 1 Assistant to the Accountant and 1 Sheet Clerk) and 7 Clerks on the lower scale. A reserve clerk must also be provided to allow for leave and sick casualties. There will be in addition 1 Public Conveyance Clerk whose cost will be met from Public Conveyance Funds, and who is not accounted for in the present proposals.

Unarmed Police.

Statements are attached (I.K.L.M.N.O.P.) showing the distribution and strength of each police station. I propose to form a traffic department under an Inspector who will undertake all traffic work, including the registration of motor vehicles, the inspection and licensing of all motor buses, cars and horse conveyances, the dealing with all prosecutions under the Motor Vehicles and Public Conveyance Acts, and the control of traffic. Traffic control is a duty that requires special training and is distinct from police station work.

I have omitted traffic men from police stations and allowed for them in the traffic department. Present police arrangements are peculiar to Aden in that policemen are detailed to look after taxi and bus stands in the Harbour, the Tawahi, the Crater and Sheikh Othman Police Station areas. The result is a comparatively heavy drain on the resources of the police stations for a purpose that does not constitute legitimate police work, and which should be unnecessary if taxi and bus drivers are under the proper

general control of the Police. I have not allowed for these duties, and consider that if the behaviour of drivers is such that control is necessary, then extra police should be engaged on the traffic staff at the expense of the Public Conveyance Fund. The revenue of the Fund is not sufficient to meet this charge and taxi licence fees will have to be raised to meet it. It is admitted that when there is a rush of visitors from ships, control over the stands at the Prince of Wales Pier and in the Crescent is necessary, but these special concessions can be dealt with by utilisation of one of the reserve men at the Harbour and Tawahi Police Stations. I am strongly opposed to the daily control of taxi stands by men from the regular strength.

I consider that, while the Prosecuting Inspector should not have an orderly, he should be provided with a Writer Constable and have allowed for one. A Schoolmaster—an unarmed Head Constable, is necessary in the Headquarters lines for the training of unarmed recruits in law and procedure, and to teach those who are literate to make intelligent notes. A chief operator—an unarmed Head Constable, is also necessary and has been provided for.

Harbour Police Station.

Statement (I) shows the proposed strength and distribution of duties in the Harbour Police Station. There is little registered crime in the Police Station; I have therefore allowed for a minimum of men for plain-clothes duty. As all loading and unloading of cargo is done into lighters in the stream, one would expect a fairly heavy loss of cargo due to pilferage, but I cannot find evidence of much loss in this respect. Still I think that the water should be patrolled more than it is at present, particularly at night. The Police possess a steam launch with double crew and at present it is used mainly for boarding duty. The section system for beats and points provide eight men for flying-squad duty during the night. These men are ample to provide flying patrols on land, and also in the Harbour, and I consider that frequent patrols in the launch should be done at night. As the launch is a steam launch and has to be under steam always, little or no extra cost will be involved. The policing of a harbour such as Aden cannot be considered to be complete without water patrols by night, especially as lighters are used for the conveyance of all cargo from ship to shore. The Police must have unrestricted use of the launch, the whole cost of the running of which is borne by the Police Department. There are at present four Inspectors attached to this Police Station, one of whom is posted in charge of the Ma'ala Police Station. As the Ma'ala Police Station is not solely a Harbour charge, the debiting to the Harbour and consequent charging of a moiety of his cost to the Port Trust, seems irregular. Ma'ala Police Station requires an Inspector who can also supervise the work of the Ma'ala Harbour Police, but his cost should fall on the Town Police, part of his cost being debited to the Harbour Police, the moiety of the total cost of which is paid by the Port Trust. At present three Inspectors work in the Harbour Police Station. It is important because of the large number of passenger vessels that call here, and large numbers of passengers of all nationalities paying visits ashore. A responsible officer must be present night and day at this Police Station for boarding purposes, control of landing, &c. It seems an extravagance to have three Inspectors who all rise by regular increments to the maximum pay of Rs.300/-. I have allowed for one Senior Inspector and two Junior Inspectors. These officers can undertake the clerical duties of the Police Station with the assistance of a Writer Constable to do registering work. I have allowed for one orderly for the Senior Inspector and one orderly for Police Station and for Lines duty which includes the distribution of water. They are necessary. Summons and warrant-serving work is light and can be done by the plain-clothes staff. The uniformed branch will consist of three sections, of one Head Constable, and eight men each, providing a half-section of four men who will provide for four points and beats. The section system allows for these beats and points to be manned night and day, and in addition a complete section of eight men will be available for night flying-squad duty. I have provided for a duty reserve which includes men for boarding duty which is heavy in view of the fact that the gangways of all passenger ships have to be policed while the ships are in the harbour. If the two points at the Prince of Wales Pier require strengthening when there is a rush of passengers, the duty reserve will provide men, and if there are no men available in the duty reserve the line stand section can be called on to go on extra duty. I have not allowed for any policemen to control taxis on the Prince of Wales Pier stand, as control is necessary only when passengers are landing, and the man on duty at the pier can do the work.

The launch establishment consists at present of two Engineers, two Succanis, two Firemen and two Khalasis, I propose the same establishment as at present.

Tawahi Police Station.

Statement (K) shows the strength required for Tawahi Police Station and the distribution of duties. The present strength of one Inspector and one Jamadar is retained. I have allowed for one Head Constable and five Foot Constables for plain-clothes duty. Two Foot Constables in plain clothes at present patrol the Cantonment area day and night. I have allowed for men in the plain-clothes staff to do this patrol during the day and the Inspector should arrange for night patrols in this area from the section available each night for flying-squad duty. No clerical staff is allowed for, as a clerk from the clerical establishment is necessary for this Police Station and is allowed for separately. The Inspector lives over the Police Station. He is allowed an orderly who can also do Police Station orderly duty. One Head Constable is allowed for Lines duty, drill instruction and water distribution. He will also be available after mid-day for Police Station general duty as required. The Hedjuff and Belfry Guards of three men as at present are necessary and are allowed for. These posts are on the main road at some distance from Police Station and should be in telephonic communication with the Police Station. Telephones require to be installed in both posts. Four beats and points are necessary.

1. Police Station.
2. Crescent A Beat.
3. ,, B ,,
4. Sea front from Union Club to Post Office.

A section strength of 3 Head Constables and 24 Police Constables provide for men in four-hour tours of duty on each of these points and beats day and night, and in addition eight men become available each night for night-flying squad. The three Head Constables will be responsible for the work of these men, and will be present in turns at the Police Station from where they will do periodical rounds of the points during their tour of duty. A duty reserve of three constables is necessary to replace sick men and to undertake miscellaneous duties. In emergencies such as a rush of visitors, men from the section on Line stand can be called on for short periods of duty in the Crescent and at the taxi stand. I have not allowed for any men to control taxis and buses on the stands for reasons already given.

Ma'ala Police Station.

Statement (L) shows the strength necessary for the Ma'ala Police Station and the distribution of duties. I have allowed the present strength of one Inspector, two men are sufficient for surveillance and investigation work in this Police Station. As no clerk will be provided, the Inspector will have to do the clerical work with the assistance of a writer constable, who is allowed for and who can also do Finger Print Operator work. Summons and warrant-serving can be done by the plain-clothes staff. I have allowed for an orderly for the Inspector who lives at some distance from the Police Station and for one man to act as Line and Police Station Orderly and to act as Drill Instructor. There is one important outpost at the Barrier Gate. One Head Constable and three Police Constables are necessary for this post. To provide three beats and points at the following places:—

1. Police Station,
2. Ma'ala Bunder Road,
3. Railway Station and Bunder Road and Village,

a Sectional strength of two Head Constables and 18 constables is necessary. The men on No. 3 beat can be at the station entrance when trains arrive and depart, and can patrol the front and the village at other times. Under the section system six men will be available for flying-squad duty at night, in addition to the three men on beat and point duty. I have allowed for a duty reserve of two men.

It is important that the new Lines already proposed for the men of this Police Station should be built immediately. There are no quarters available for renting in the area, and it is impossible to have the men living in the Crater or Tawahi as the distances of these places from the Police Station are too great.

Ma'ala Harbour Police.

The Ma'ala Inspector will control the work of these men. The strength remains as at present, and allows for 1 man for plain-clothes duty on the wharves and 9 men for three beats. The two Head Constables will take it in turn to be on duty at the wharves.

Crater Police Station.

Statement (M) shows the strength required for this Police Station and the distribution of duty. The present strength of 1 Inspector and 1 Jamadar is allowed to stand. The crime in this Police Station is heavier than in any other Police Station, and a staff of 2 Head Constables and 4 Police Constables is necessary for investigation and surveillance duty. A clerk is provided for from the clerical establishment: he can do the Finger Print Operator work. No provision is therefore made in the executive strength for clerical duties. A Head Constable is necessary to do Lines duty, to distribute water, and to act as Drill Instructor. A constable is provided for work as Inspector's orderly, and he will also act as office orderly. A hospital orderly is necessary. There are two courts, each of which must be provided with an orderly to maintain order while the courts are sitting. Policemen at present allotted as personal orderlies to officials who are not entitled to police orderlies must be withdrawn and are not allowed for. One Police Constable is necessary for the service of summonses and warrants in the Crater. The work is heavy and cannot be done by the plain-clothes staff, which must be free to do their important work of surveillance and investigation. I find that a Police Officer is detailed to accompany the Settlement Clerk who recovers Settlement dues. This is not a police duty, and if the Settlement want a special policeman to accompany the clerk, he should be employed as an extra policeman at the expense of the Settlement. I have not allowed for this work in the regular strength. The control of traffic at the Main Pass and the tunnels is a traffic duty, and I have excluded the men required for this work and provided for them in the traffic department. Jail and Treasury Guard duties and escort of prisoners will be done by the Armed Police of Headquarters. Three Head Constables and 36 Foot Constables have been allowed for the following 6 beats and points:—

1. Police Station.
2. Section A.
3. Section B.
4. Section F.
5. Bori Bazaar.
6. Zakaria Coffee Shop square.

The section system will allow of these points and beats being manned day and night, and in addition 12 men will be available for night flying-squad duty. A duty reserve of 4 men is necessary and is allowed for.

Sheikh Othman.

Statements (N) and (O) show the strength required for this Police Station with distribution of duties. As Sheikh Othman is on the mainland and 8 miles distant from the Crater where the armed police Headquarters will be, I have allowed for an armed guard from the armed police of one Head Constable and four foot constables for the Police Station. This armed guard will guard the Police Station, the Treasury which is near and opposite the Police Station, deposited arms and the arms of the unarmed police and the lock-ups. I do not think it expedient at present to post a guard of armed police at the Waterworks. I have allowed for a post of three men of the ordinary police at the works. I have also allowed for men to occupy Chowkeys Nos. 6 and 4, No. 6 being on the Lahej Road and No. 4 being on the isolated road between Aden and Sheikh Othman. Chowki No. 2 is near the Police Station, and I consider it unnecessary as I have allowed for a sufficient number of men for beats and points under the section system. I also consider Chowki No. 5 unnecessary. The Salt Works are in telephonic communication with the Police Station, and in the event of trouble with labourers there, a posse of policemen can be rushed by car to the works in a few minutes. For other purposes the post does not seem necessary. Three sections of one Head Constable and six men each have been allowed for. The following beats and points will be manned night and day by these men:—

1. Police Station, Treasury and Vicinity.
2. Camel Circle.
3. Main Bazaar.

Six men will be available in addition according to the section system for duty the whole night as flying squads to go wherever the Inspector considers necessary each night The Police Station is in a more or less isolated locality, being on the mainland and I consider that the men at the detailed posts and men on night duty should be armed with the M.H. rifles at present on strength at the Police Station. They will be ordinary

Town Police, but should be given an elementary training in the use of the M.H. rifle. They will not be considered armed police, and will not form part of the armed police branch. The present strength of one Inspector and one Jamadar is allowed to stand. Crime in this area is not heavy, and I have allowed for a strength of one Head Constable and two foot constables for investigation and surveillance work. At present a large number of non-cognizable complaints are passed on to this Police Station by the Sheikh Othman Court for inquiry. This procedure defeats the object of law, is inadvisable from an administrative point of view, and adds unnecessarily to police work. I have fixed the strength of the plain-clothes branch on the assumption that the Court will not pass on non-cognizable complaints to the Police for investigation except when necessary under Section 202 C.P. Code. As miscellaneous clerical work is heavy, I have allowed for a clerk of the clerical establishment, and have therefore allowed for no writer Head Constable or constable. Four orderlies are necessary as shown. Railway work here is important, as no British subject is allowed to proceed to the interior without a pass. Passes have to be examined. The Head Constable at present on this duty has been retained. I have allowed for a duty reserve of six men, malaria claims its daily toll of the strength of the Police Station, and also there are miscellaneous duties, including road repair duties and the guarding of the cattle quarantine post where animals are put in quarantine for intervals of a month at a time. The camel police strength is allowed to stand as at present.

Traffic Department.

I have excluded from Police Station strengths the men at present employed on purely traffic duties, and formed a traffic department under an Inspector. The department will do the duties already enumerated.

The men will be specially trained in traffic control work and will provide for the controlling of traffic at the places shown in statement (P). They will also undertake the work of parking cars at special functions when control is necessary. The creation of a traffic department will do much to bring taxi drivers under control, but if it fails, then extra traffic police must be employed, as already stated at the expense of the Public Conveyance Fund. If the step is found necessary, 2 men will be sufficient for stands at Tawahi, 1 at Prince of Wales Pier, 2 at the Crater, and 1 at Sheikh Othman, a total of 6 men, who will not form part of the regular police, and who have not been allowed for in the general organisation.

I attach a table (Q) showing the system of working of the uniformed sections for beats and point duty. This system, worked properly, is very suitable for Town work, giving each man regular hours of duty, regular nights in bed, and ensures a high standard of efficiency. Flying night squads are particularly effective in preventing crime, and protecting the Police Station area at night. At present men leave their posts for meals, and one out of every two men sleeps at night, while his companion watches. Under the section system, no man leaves his point or beat till relieved, and every man of the flying squad remains awake during his tour of duty.

Armed Police.

A Headquarters for the armed police is necessary. The Infantry Lines in the Crater will be suitable and should be reserved now for this purpose. I have allowed for 1 Senior Inspector to take charge of Headquarters and for 3 Junior Inspectors, two of whom will be in charge of detachments at Perim and Kamaran, the third being necessary as a relief and to assist the Headquarter Inspector. These four officers will be in charge of a highly-trained armed force and must be ex-Indian officers of the type now recruited in India as Headquarters Sub-Inspectors. Statement (C) shows the strength required for the Armed Police Force and its distribution. The orderlies of the D. S. P., the Assistant S. P. and the Headquarters Inspector will be trained armed men. The Headquarters stores will provide for the clothing of the whole force, armed and unarmed, and a staff of 1 Head Constable and 1 foot constable are necessary for this duty. A hospital orderly is necessary, and is provided for. Two Head Constables who will be senior men are necessary for duty as Drill Instructors and to act as day officers in the Lines. They will be on duty on alternate days, and will be responsible for discipline in the Lines, distributing water, detailing guards and holding roll call. They will have 4 men to act as Lines picquets. Two buglers are provided for duty in Lines and at the quarter guard. An efficient armourer is necessary to keep the rifles of the armed force in repair. All these men will be trained armed men and will be available for armed duty in case of need. Statement (D) shows the armed guards that will be required in Aden *with their reliefs* A guard of 1 Head Constable and 6 men is provided for the Residency. As the armed police

Headquarters adjoins the Jail, a Jail Guard of 1 and 3 is sufficient. It is at present 1 and 6. The Police Office will require a guard at night of 2 men with side arms only. The Treasury Guard of 1 and 6 must be maintained at its present strength. To guard jail prisoners who may be sick, a guard is necessary. I have not provided for relief, as they will not be required daily. A quarter guard must be provided at Headquarters to guard the Headquarters Office, stores, armoury and magazine. Sheikh Othman is about ten miles distant on the mainland and I consider that there should be an armed guard at the Police Station. The Treasury is opposite the Police Station and the Police Station guard at the Police Station will be sufficient to protect the Treasury. I have allowed for a guard of 1 Head Constable and 4 foot constables as the guard may also have to take prisoners to and from the Court at Sheikh Othman. The emergency guards at the Admiralty tanks, the Anglo Persian Oil Company's tanks and the Electric Power House are as recommended by General Stewart and will form also the reserve necessary to deal with disturbances. Escort of prisoners from jail to Courts and ex-Aden is a regular duty and must be provided for. I have allowed for a strength of 3 Head Constables and 9 foot constables. Perim and Kamaran detachments of 6 Head Constables and 44 foot constables each are necessary. The local authorities consider that 25 men at each island are insufficient for the protection of the islands. The posting of 50 men will ensure protection and the Officer in charge will be able to keep the men up to the standard of training necessary. He will also be able to provide men from his detachment for the few civil police duties that are at present done by unarmed police sent from Aden.

The strength of the Armed Force with a reserve of 15 per cent. for leave and training will amount to 254 men. This is a greater strength than was contemplated by Government but the original proposals did not take into account the fact that a Headquarters with a staff would be necessary and the duties of escort of prisoners which belong to the armed police were not taken into account. On the other hand the unarmed police strength has been reduced to counterbalance the increase in the proposed strength of the armed police. Regiments will not be stationed at Aden and isolated as Aden is, it is of the utmost importance that the armed strength should be sufficient to cope with serious disturbances and to provide for the protection of life and property on such occasions. One hundred men will be at Perim and Kamaran while at least 10 per cent. of the strength will be absent on leave, a further 5 per cent. being recruits. The armed men actually left in Aden will be little over 100 men which is a very small force in consideration of the special responsibility that will fall on them and the fact that the detachments at Perim and Kamaran will require regular reliefs. The proposed strength of the armed force cannot be reduced without danger and difficulties in the matter of providing reliefs for the islands.

In making these proposals I have adopted the procedure of working out the strength necessary and the cost of the proposed force on the assumption that both armed and unarmed men are raised locally.

The question as to whether the armed force should be drawn from India, or recruited locally, and the additional cost if the armed force is drawn from India, will be dealt with in a separate report. The ranks of the Town Police must be filled by local recruitment, as local material is better suited to do the work required of a Town Police.

Prison Van.

I consider it necessary that a prison van with a driver should be attached to Headquarters. It can be of the same type as the buses at present used in Aden as public conveyance. The original cost will be comparatively small, Rs.2,000/- at the most if built in Aden. When not used for the conveyance of prisoners and deportees, it will be available for the conveyance of guards and their bedding from Headquarters to the various posts, and can also be used for the conveyance of stores. The saving in the cost of carriage of constabulary and stores will more than cover the cost of the driver, running expenses, upkeep, and depreciation. It will also be a valuable stand-by in the case of emergency for the moving of bodies of armed police.

Pay.

In estimating the cost I have taken the present local rates of pay for both armed and unarmed branches. Constables will receive the lowest rate of pay on enlistment, and should receive increments after 3 and 10 years' service as in the Presidency. Head Constables will draw pay according to their grades, and there will be no incremental rate of pay in their case. I have allowed for an islands allowance of Rs.5/- in the case of constables, Rs. 7/8 in the case of Head Constables, Rs. 25/- in the case of Inspectors. The rank of Sub-Inspector does not exist at present. The Aden Jamadar

is a lower paid officer than the Presidency Sub-Inspector. All officers in charge of Police Stations at present are Inspectors on an incremental scale of pay, and rise automatically to a maximum pay of Rs.300/-. Conditions in Aden are such that suitable material cannot be obtained either locally or from India on the rates of pay of the Presidency Sub-Inspectors, but only a proportion of Inspectors should be able to rise to the high maximum of Rs.300/-. I therefore, propose that the present Inspector grade should be sub-divided into two grades :—

I. Senior Inspector ... ... Rs.150—10—300,
II. Junior ,, ... Rs.120—10—200,

and that there should be five posts of Senior Inspectors and nine posts of Junior Inspectors which include a 14 per cent. reserve, viz., one post for leave and training. There are at present eight posts of Inspectors. I have proposed an additional Inspector to take charge of the Traffic Department. The remaining four Inspectors will be for the armed branch, one a Senior Inspector to take charge of Headquarters, and three Junior Inspectors, two of whom will be in charge of the detachments at Perim and Kamaran. In the absence of a grade of Sub-Inspector in the Town Police it would be objectionable to designate the armed police officers as Sub-Inspectors. For distribution, *vide* statement (B).

The pay of the clerical establishment is proposed at the same rates as at present, viz. :—

Head Clerk	... ...	Rs.150—5—200.
Accountant	... ...	Rs.105—5—150.
Senior Clerks	... ...	Rs.60—5—100.
Junior ,,	... ...	Rs.50—3— 80.

Statements are attached showing (R) the present and proposed strength and (S) the cost of the present and proposed strength. As I have no means of working out the exact averages, the figures are approximate, but the total cost will work out at near the figures given. The additional cost, if the armed police are recruited in India, will be shown in the further report on the question of local or ex-India recruitment, but the figure will not exceed Rs.65,000/-, excluding the original cost of passages from India to Aden. I have not taken into account the cost of the usual contingencies and the non-recurring cost of an original issue of uniform and of arms and accoutrements for the new armed force and the cost of the Prison Van.

I have, &c.,
F. W. GERRARD,
District Superintendent of Police
On Special Duty at Aden.

STATEMENT A.

Proposed Strength.

Summary.

British Officers	... ...	1 Superintendent of Police.
		1 Assistant Superintendent of Police.
Superior grades	... ...	5 Senior Inspectors.
		9 Junior Inspectors.
Armed Police ...	... ...	36 Head Constables.
		218 Foot Constables.
Camel Police ...	... ...	2 Head Constables.
		9 Mounted Constables.
Unarmed Police	... ...	4 Jamadars.
		31 Head Constables.
		250 Foot Constables.
Clerical Establishment	...	1 Head Clerk.
		1 Accountant.
		10 Clerks.
		3 Peons.
Launch Establishment	...	2 Drivers.
		2 Succanies.
		2 Firemen.
		2 Kalasis.
Prison Van Establishment	...	1 Driver.

STATEMENT B.

Superior Establishment.

	Senior Inspectors.	*Junior Inspectors.*
Armed Police Headquarters and Islands ...	1	3
Police Stations	3	5
Prosecuting Inspector	1	—
	5	8
14 per cent. reserve	—	1
Total	5	9

STATEMENT C.

Armed Police.

	Head Constables.	*Foot Constables.*	*Total.*
Superintendent of Police's Orderlies ...	—	2	2
Assistant Superintendent of Police's Orderlies	—	2	2
Officer i/c Headquarters	—	1	1
Headquarter Stores	1	1	2
Hospital Orderly	—	1	1
Day Officers and Drill Instructors	2	—	2
Line Picquet	—	4	4
Buglers	—	2	2
Armourer	1	—	1
Standing Guards	17	75	92
Escort of Prisoners	3	9	12
Perim Detachment	6	44	50
Kamaran Detachment	6	44	50
	36	185	221
15 per cent. reserve of Armed Police ...	—	33	—
	36	218	254

STATEMENT D.

Standing Guards.

	Head Constables.	*Foot Constables.*	*Total.*
Residency	2	12	14
Jail	2	6	8
Police Office	—	4	4
Treasury	2	12	14
Hospital Guard	1	3	4
Quarter Guard	2	6	8
Sheikh Othman Police Station Guard ...	2	8	10
*Admiralty Tanks	4	16	20
*Anglo P.O. Coy.	1	4	5
*Electric Power House	1	4	5
	17	75	92

* Emergency Guards.

Statement F.

Unarmed Police.

	Senior Inspectors.	Junior Inspectors.	Jamadar.	Head Constables	Foot Constables.	Total of Head Constables and Foot Constables.
Headquarters Schoolmaster	—	—	—	1	—	1
Chief Operator	—	—	—	1	—	1
Police Stations.						
Harbour	1	2	1	4	34	38
Crater	1	—	1	6	49	55
Tawahi	—	1	1	5	39	44
Ma'ala	—	1	—	3	28	31
Ma'ala Harbour	—	—	—	2	10	12
Sheikh Othman	1	—	—	7	38	45
Sheikh Othman Camel Police	—	—	1	2	9	11
Traffic	—	1	—	2	13	15
Police Prosecutor	1	—	—	—	1	1
	4	5	4	33	221	254
15 per cent. reserve of Head Constables and Foot Constables	—	—	—	—	38	—
Total ...	4	5	4	33	259	292

Statement G.

Clerical Establishment.

1 Head Clerk.
1 Accountant.
1 Assistant Head Clerk.
1 Assistant Accountant.
1 Sheet Clerk.
1 Typist.
1 Record Keeper.
1 Despatcher.
1 Headquarters Office.
1 Crater Police Station.
1 Sheikh Othman Police Station.
1 Tawahi Police Station.

12
1 Reserve.

13

Statement H.

Launch Establishment.

Succanies	2	
Drivers	2	
Firemen	2	
Kalasis	2	
	8	
Prison Van Driver ...	1	
	9	

Statement I.

Harbour Police Station.

	Senior Inspector.	Junior Inspector.	Jamadars.	Head Constables.	Foot Constables.	Remarks.
Station Staff	1	2	1	—	—	
Investigation and Surveillance ...	—	—	—	1	1	
Clerical Staff	—	—	—	—	1	
Finger Print Operator	—	—	—	—	—	Work to be done by writer constable.
Orderlies.						
Line Orderly	—	—	—	—	1	
Inspector's Orderly	—	—	—	—	1	
Summons and Warrant Officers ...	—	—	—	—	—	Can be done by plain - clothes staff.
Beats and Points	—	—	—	3	24	(1) Prince of Wales Pier. (2) Police Station. (3) Abkari Pier. (4) Ali Galeb Pier.
Duty Reserve and Boarding Duty	—	—	—	—	6	
Total ...	1	2	1	4	34	

Statement K.

Tawahi Police Station.

	Junior Inspector.	Jamadar.	Head Constables.	Constables.	Remarks.
Station Staff	1	1	—	—	
Investigation and Surveillance ...	—	—	1	5	Note.—This includes men for plain-clothes patrol of Cantonment by day.
Finger Print Operator	—	—	—	—	Operator's work to be done by the clerk.
Orderlies.					
(1) Inspector	—	—	—	1	Also to do Police Station orderly.
(2) Lines, Police Station, and Drill	—	—	1	—	
Summons and Warrant Officers ...	—	—	—	—	To be done by plain-clothes staff.
Detached Posts.					
(1) Hedjuff Guard	—	—	—	3	
(2) Belfry Guard	—	—	—	3	
Beats and Points	—	—	3	24	(1) Crescent A. (2) ,, B. (3) Police Station. (4) Union Club, Post Office and sea front.
Duty Reserve	—	—	—	3	
Total ...	1	1	5	39	

STATEMENT L.

Ma'ala Police Station.

	Junior Inspector.	*Head Constables.*	*Constables.*	*Remarks.*
Station Staff	1	—	—	
Investigation and Surveillance	—	—	2	
Clerical Staff	—	—	1	
Finger Print Operator	—	—	—	To be done by writer constable.
Orderlies.				
(1) Inspector	—	—	1	
(2) Lines, Police Station, and Drill Instructor	—	—	1	
Summons and Warrant Officers	—	—	—	To be done by plain-clothes staff.
Outposts (Detached)	—	1	3	Barrier Gate.
Beats and Points	—	2	18	(1) Ma'ala Bunder Road. (2) Police Station. (3) Railway Station, main road and village.
Duty Reserve	—	—	2	
Total ...	1	3	28	
Ma'ala Harbour Police.				
Plain-clothes Duty	—	—	1	
Beats and Points	—	2	9	
Total ...	—	2	10	

STATEMENT M.

Crater Police Station.

	Senior Inspector.	*Jamadar.*	*Head Constables.*	*Constables.*	*Remarks.*
Station Staff	1	1	—	—	
Investigation and Surveillance ...	—	—	2	4	
Finger Print Operator	—	—	—	—	To be done by clerk.
Orderlies.					
(1) Line	—	—	1	—	
(2) Inspector and Office	—	—	—	1	
(3) Hospital	—	—	—	1	
(4) Court	—	—	—	2	
Summons and Warrant	—	—	—	1	
Beats and Points	—	—	3	36	(1) Police Station. (2) Section A. (3) ,, B. (4) ,, F. (5) Zakaria's Cafe. (6) Bori Bazaar.
Duty Reserve	—	—	—	4	
Total ...	1	1	6	49	

STATEMENT N.

Sheikh Othman Police Station.

	Senior Inspectors.	*Mounted Jamadars.*	*Head Constables.*	*Constables.*	*Remarks.*
Station Staff	1	1	—	—	
Investigation and Surveillance ...	—	—	1	2	
Finger Print Operator	—	—	—	—	To be done by the clerk.
Orderlies.					
(1) Inspector	—	—	—	1	
(2) Court	—	—	—	1	
(3) Line and Drill	—	—	1	—	
(4) Hospital	—	—	—	1	
Summons and Warrant Officers ...	—	—	—	—	To be done by plain-clothes staff.
Railway Station	—	—	1	—	
Detached Posts.					
(1) Water Pumps	—	—	—	3	
(2) No. 6 Chowki	—	—	1	3	
(3) No. 4 Chowki	—	—	—	3	
Beats and Points	—	—	3	18	(1) Police Station and Treasury. (2) Camel Circle. (3) Main Bazaar.
Duty Reserve	—	—	—	6	
Total ...	1	1	7	38	

Present Strength.	*Proposed Strength.*
Launch Establishment.	
2 Drivers.	2 Drivers.
2 Succanies.	2 Succanies.
2 Firemen.	2 Firemen.
2 Kalasis.	2 Kalasis.
8	8
Prison Van.	
Nil.	1 Driver.
Clerical Establishment.	
1 Head Clerk.	1 Head Clerk.
1 Accountant.	1 Accountant.
1 Assistant Head Clerk.	1 Assistant Head Clerk.
1 Assistant Accountant.	1 Assistant Accountant.
1 Clerk at Perim.	1 Sheet Clerk.
3 Clerks at Police Stations.	1 Typist.
	1 Record Keeper.
	1 Despatcher.
	4 Police Stations and Headquarters.
	1 Reserve.
8	13
Peons.	
Nil.	3

Statement S.

Statement showing the cost of the present and the proposed establishments of the Aden Police.

Present.		Proposed.	
I. Officers.	Rs.		Rs.
1 *Dy. S. Police.*		1 *Dy. S. Police.*	
Pay @ Rs.500 ...	500	Pay @ Rs.1,432.6 ...	1,432.6
Conveyance Allowance @ Rs.100 p.m. ...	100	Conveyance Allowance @ Rs.200	200
Aden Allowance @ Rs.50	50	Aden Allowance @ Rs.200	200
Special Allowance @ Rs.50	50		1,832.6
	700		
		1 *A. S. Police.*	
		Pay @ Rs.961.2 ...	961.2
		Conveyance Allowance @ Rs.150	150
		Aden Allowance @ Rs.150	150
			1,261.2
II. Inspectors.			
8 *Inspectors.*		5 *Senior Inspectors.*	
Pay @ Rs.225 × 8 ...	1,800	Pay @ Rs.225 × 5 ...	1,125
Conveyance Allowance to 3 Inspectors @ Rs.50, 30 and 25 ...	105	Conveyance Allowance to 2 Inspectors @ Rs.50	100
Clothing Allowance @ 3.75 × 8	30	Clothing Allowance @ 3.75 × 5	18.75
	1,935		1,243.75
		9 *Junior Inspectors.*	
		Pay @ Rs.160 × 9 ...	1,440
		Conveyance Allowance to 1 Inspector @ Rs.50	50
		Clothing Allowance @ 3.75 × 9	33.75
		Islands Allowance to 2 Inspectors @ Rs.25	50
			1,573.75
Total ...	2,635	**Total** ...	5,911.30
III. Town Police.	Rs.		Rs.
3 *Jamadars.*		3 *Jamadars.*	
Pay @ Rs.85 × 3 ...	255	Ditto.	
Clothing @ 3.5 × 3 ...	10.5		
	265.50		265.50
31 *Head Constables.*		31 *Head Constables.*	
Pay @ 45 × 31 ...	1,395		
Clothing Allowance @ 1.5 × 31	46.5	Ditto.	
	1,441.5		1,441.5
257 *Foot Constables.*		250 *Foot Constables.*	
Pay @ 31 × 257 ...	7,967	Pay @ 31 × 250 ...	7,750
Clothing Allowance @ 1.5 × 257	385.5	Clothing Allowance @ 1.5 × 250	375
	8,352.5		8,125

Present.	Rs.	Proposed.	Rs.
IV. Camel Police.			
1 *Jamadar.*			
Pay @ 55	55		
Camel Allowance ...	35	Ditto.	
Clothing Allowance @ 1.5	1.5		
	91.50		91.50
2 *Head Constables.*			
Pay @ 40 × 2 ...	80		
Camel Allowance @ 35 × 2	70	Ditto.	
Clothing Allowance @ 1.5	3		
	153.00		153.00
9 *Constables.*			
Pay @ 31 × 9 ...	279		
Camel Allowance @ 35 × 9	315	Ditto.	
Clothing Allowance @ 1.5	13.5		
	607.50		607.50
V. Armed Police.		36 *Head Constables.*	
		Pay @ 45 × 36 ...	1,620
		Clothing Allowance @ 1.5	54
		Islands Allowance @ 7.5 × 12	90
			1,764
		218 *Foot Constables.*	
		Pay @ 31 × 218 ...	6,758
		Clothing Allowance @ 1.5	327
		Islands Allowance @ 5 × 88	440
			7,525
VI. Launch Establishment.			
2 Drivers @ 80 ...	160		
2 Succanis @ 45 ...	90	Ditto.	
2 Firemen @ 35 ...	70		
2 Kalasis @ 32 ...	64		
	384.00		384.00
VII. Prison Van.			
Nil.		1 Driver @ Rs.50 ...	50
VIII. Clerical Establishment.			
1 Head Clerk @ 175	175	1 Head Clerk @ 175	175
1 Accountant @ 127.5	127.5	1 Accountant @ 127.5	127.5
2 Clerks @ 80 ...	160	3 Clerks @ 80 ...	240
4 Clerks @ 65 ...	260	8 Clerks @ 65 ...	520
		3 Peons @ 22.5 ...	67.5
	722.50		1,130.0
Total ...	14,653	Total ...	27,448.3
	12		12
	Rs.175,836		Rs.329,379.6

Note.—In addition, substitutes are appointed in leave vacancies up to 10 per cent. of the total cost of the present establishment, bringing the total cost to over two Lakhs.

F. W. Gerrard.

STATEMENT O.

Sheikh Othman Camel Police.

Police Station.	*Jamadar.*	*Head Constables.*	*Constables.*
(1) General duty	1	1	—
(2) Post Orderly	—	—	1
Outposts.			
(1) Imad	—	—	2
(2) Hiswa	—	1	1
(3) Little Aden	—	—	2
(4) Salt Chowki	—	—	3
Total	1	2	9

STATEMENT P.

Traffic Department.

	Junior Inspector.	*Head Constables.*	*Constables.*	*Remarks.*
Inspector and Head Constable ...	1	1	—	
Brigade Corner	—	—	1	
Viaduct Gate	—	—	1	
Tunnels	—	—	6	
Main Pass	—	1	3	
Zakaria Square	—	—	2	
Total ...	1	2	13	

STATEMENT Q.

Six-Day Cycle.

	Points. a.m. a.m.	Points. a.m. p.m.	Points. p.m. p.m.	Points. p.m. p.m.	Points. p.m. a.m.	Flying squad. p.m. a.m.	Points. a.m. a.m.
Hours ..	6 10	10 2	2 6	6 10	10 2	11 5	2 6
1st Day ..	A 1	A 2	A 1	B 1	C 1	C 2 & B 2	B 1
Line Stand..	C 1	C 2	B 2	A 2	—	A	—
2nd Day ..	C 1	C 2	C 1	A 1	B 1	B 2 & A 2	A 1
Line Stand..	B 1	B 2	A 2	C 2	—	C	—
3rd Day ..	B 1	B 2	B 1	C 1	A 2	A 1 & C 2	C 1
Line Stand..	A 1	A 2	C 2	B 2	—	B	—
4th Day ..	A 2	A 1	A 2	B 2	C 2	C 1 & B 1	B 2
Line Stand..	C 2	C 1	B 1	A 1	—	A	—
5th Day ..	C 2	C 1	C 2	A 2	B 2	B 1 & A 1	A 2
Line Stand..	B 2	B 1	A 1	C 1	—	C	—
6th Day ..	B 2	B 1	B 2	C 2	A 1	A 2 & C 1	C 2
Line Stand ..	A 1	A 2	C 1	B 1	—	B	—

STATEMENT R.

	Present Strength.	*Proposed Strength.*
Superior Appointments.	1 Dy. Suptdt. of Police.	1 D.S.P. 1 A.S.P.
	1	2
Inspectors.		
Town Police ...	8 Inspectors, Senior scale.	4 Inspectors, Senior scale. 5 Inspectors, Junior scale.
Armed Police ...	Nil.	1 Inspector, Senior scale. 3 Inspectors, Junior scale.
Reserve	Nil.	1 Inspector, Junior scale.
	8	14

	Present Strength.	*Proposed Strength.*
Town Police	3 Jamadars. 31 Head Constables. 257 Constables.	3 Jamadars. 31 Head Constables. 212 Foot Constables.
Reserve at 15 per cent.	Nil.	38 Foot Constables (including Reserve for Camel Police).
	291	284
Camel Police	1 Jamadar. 2 Head Constables. 9 Mounted Constables.	1 Jamadar. 2 Head Constables. 9 Mounted Constables.
	12	12
Armed Police	Nil.	36 Head Constables. 218 Foot Constables.
		254

NOTE.—10 per cent. is allowed in the budget estimate for leave and substitutes are appointed in leave vacancies thus generally raising the actual total of men employed by 10 per cent.

Sub-Enclosure 2.

FROM F. W. GERRARD, ESQUIRE, C.I.E., J.P., ON SPECIAL DUTY, to THE POLITICAL RESIDENT, ADEN.

SIR, Aden, 13th July, 1928.

In continuation of my report dated 6th July, 1928, which contains proposals for the reorganisation of the Civil Police of Aden, Perim and Kamaran, I have the honour to report below on the question of recruitment of the Armed Branch (*a*) locally, (*b*) from India, and on the total cost of the Force including additional cost of contingencies and non-recurring charges.

In the previous report the strength that will be required in each branch has been worked out in detail. The cost of the proposed strength has been estimated on the assumption that the whole Force will be enlisted locally, and that the same rates of pay as are paid to the present Force will prevail, viz. :—

1. Foot Constables Rs.27—30—32
2. Head Constables Rs.35—40—45

the various grades of pay in 1 being incremental after three and ten years' completed service as in the Presidency, the pay of Head Constables being according to grades and not incremental. The pay now drawn by the Town Police and proposed for the Armed Branch is approximately the same as that paid to the local levies who draw Indian Army rates of pay, receive free rations, and are also entitled to good service and good conduct pay according to service. The issue of rations to an Armed Police Force is not a practical proposition, and it will be necessary to give a ration allowance in lieu of a free issue of rations if the Armed Force is recruited from India. In the proposals submitted provision has been made for an Islands allowance which will be pavable whether the Armed Branch is recruited locally or in India. The non-recurring extra expenditure that will be involved in the raising of the Armed Branch, viz. :—

(*a*) the cost of an original issue of clothing at the rate of Rs. 70/- per man,
(*b*) the cost of 254 rifles and 4 revolvers with ammunition according to the sanctioned scale,
(*c*) the cost of a Prison Van,

will be the same whether the new branch is raised locally or in India. The total cost of the whole proposed reorganised Force will, therefore, be as shown in the previous

report plus the non-recurring cost of (*a*), (*b*), and (*c*) above, plus the usual contingencies. If the Armed Branch is raised in India there will be an additional cost of :—

(1) original passages from India to Aden (non-recurring);
(2) an Aden allowance to Inspectors and men of the Armed Police recruited in India;
(3) free return passages to India once in three years to officers and men of the Armed Force recruited in India.

The question whether the Armed Branch is to be recruited locally or in India is one that awaits the decision of Government. The Political Resident has expressed in very definite terms his opinions as to the undesirability of raising the Armed Branch from local elements. His views are already before Government. In the present Town Police Force there is a large percentage of Arabs from various tribes of the Protectorate and the territories of the Imam. Several of them served in the Yemen Infantry. They are all undersized men of poor physique, the ex-Yemen Infantry men being no exception. They are of poor quality physically to form an Armed Force. It is the general opinion that they cannot be trusted, and that at the best they will be liable to desert with their arms at any moment. As members of the Yemen Infantry several of the type of Arab that will be available proved themselves treacherous, and when in the bazaars in Aden, the Yemen Infantryman was turbulent, high handed, and a source of trouble to the community. Men of this type are not suitable for the Armed Police work. The whole object of raising an Armed Police Force is to provide internal security, and if it is decided that the Force is to be raised locally, it is doubtful if the object aimed at will be attained. Unlike a district in India, the Aden Armed Police cannot look elsewhere for reinforcement, and should they fail in their duty in the time of need, a very serious situation will arise, as limited military assistance will be available. All these facts considered, it would appear to be well worth incurring the additional expenditure to have a force that can be relied on. Aden itself is not a field for recruitment, as the population, if not Arab from the interior, is composed of Somalis of a poor type, and of domiciled Indians who are few in number and are not generally of the type suitable for Armed Police duties. Even if the Armed Branch is recruited locally, it will be necessary to go to the interior and to Somaliland for recruits. It may be noted that local recruitment will not present any saving in leave, as the so-called locals in the present Police Force appear to require as much as, if not more, leave than Indians, brought from India, are likely to require.

There remains to be discussed in detail the question of recruitment if Government decides (*a*) on local recruitment, (*b*) on recruitment in India :—

(*a*) *Local Recruitments.*

The local Levies are enlisted from selected tribes of the Interior. Men of the same type will be available in sufficient quantity for enlistment in the Armed Police. The Somali is a better man physically than the Arab, and is reported by local police officers to be more reliable. If the Armed Force is to be enlisted locally, there should be an even mixture of Arabs and Somalis and such other African types as may be available. Inquiries in Aden go to show that Somalis will be available in the numbers required, but it would be advisable to have the help of the Berbera Authorities in their enlistment. If the Armed Force is raised locally as detailed above, it will still be necessary to obtain from India the four Indian Officers required, and it will also be necessary to obtain from India a sufficient number of Head Constables for training purposes, at least eight, four for Headquarters and two to accompany each of the detachments to Perim and Kamaran. The Indian Officers must be carefully selected ex-Indian Army Officers, and the Head Constables should be good ex-Indian Army N.C.O.s with special qualifications to undertake drill and musketry instruction. They can be suitably obtained through the training battalion of the Baluch Regiment in Karachi. The Karachi Police obtained several excellent men of this type and many others are available.

(*b*) *Recruitment in India.*

The proposal that the Aden Armed Police should be raised and maintained by drafts from the Armed Police of the Bombay Presidency does not appear to be practical. It is doubtful if suitable volunteers will be forthcoming in the numbers required. It is also inadvisable to adopt a system that will mean the replacement of men every three years by men new to conditions in Aden, and generally untrained in the use of a modern rifle. It would be better in the first instance to raise the Force by drawing a percentage of the men from selected volunteers from the Armed Police in the Presidency and Sind who would be on deputation for a period of three years. The

remainder could be raised from such of the Aden Troop as are suitable and are willing to serve in the Armed Police, and by enlistment of recruits for service in the Aden Police. Large numbers of ex-Indian soldiers and other suitable men from the Punjab are available in Karachi. Once the Force has been raised, no difficulty should be experienced in obtaining suitable recruits from the same sources as supply recruits for the Armed Police in Sind.

To bring their pay up to the rates at present drawn in Karachi and on which Government based their figures in their number 669-C dated 27th March, 1928, men recruited in India for the Aden Armed Police should draw the incremental rates of pay proposed for the local Force plus an Aden Allowance of Rs.3/- in the case of Foot Constables and Rs.5/- in the case of Head Constables and in addition a ration allowance of Rs.12/- per month. A free passage to and from India once in three years will mean an extra cost of Rs.5/- per man per month. The total extra cost of an Armed Force raised in India over a Force raised locally will be :—

Inspectors.			*Rs.*
Aden Allowance @ Rs.25/- p.m. × 4	100	0	0
Free return passage once in three years, 12 × 4	48	0	0
Head Constables.			
Aden Allowance @ Rs.5/- p.m. × 33	165	0	0
Ration Allowance @ Rs.12/- p.m. × 33	396	0	0
Passage Allowance @ Rs.5/- p.m. × 33	165	0	0
Foot Constables.			
Aden Allowance @ Rs.3/- p.m. × 221	663	0	0
Ration Allowance @ Rs.12/- p.m. × 221...	2,652	0	0
Passage Allowance @ Rs.5/- p.m. × 221	1,105	0	0
Total ...	Rs.5,294	0	0
Yearly cost Rupees	63,528	0	0

Non-recurring cost.	*Rs.*		
Cost of 4 2nd class passages, Karachi to Aden	1,116	0	0
Cost of 254 deck passages, Karachi to Aden, 254 × 96 ...	24,384	0	0
	Rs.25,500	0	0

Leave.

The granting of leave to a newly raised Force presents a difficulty. Men cannot be expected to serve for more than three and at most four years without leave. At the same time it will not be possible to relieve men to a greater number than is represented by 11 per cent. of the force, which may be increased to 15 per cent. in the first three years as there will be few recruits. Allowing each man four months' leave in three years' service, a period of two and half years will be required to allow of each man getting leave. It will, therefore, be necessary to start granting leave a year after the Force is raised to ensure a regular leave roster. Free return passages will have to be admissible in the first instance once in three years and not, as rules are at present interpretated in the Presidency, after three years' service.

As the raising of the Armed Force will have to be undertaken as soon as the new Resident has decided on the question of local or ex-India recruitment and as training must be commenced as soon as the men are enlisted, it is suggested that Government may give orders for :—

I. Arrangements to be made now for the appointment of the four Inspectors who will be required for the Armed Branch on the terms laid down in this and the previous report.

II. Arrangements may be made for the immediate supply of 254 rifles with the necessary ammunition, approximately 55,000 rounds.

III. Government may authorise now the incurring of expenditure up to a total of Rs.70 × 254 = Rs.17,780, in the purchase of an original issue of clothing and accoutrements, as some time must elapse before orders for clothing can be complied with.

IV. That the Residency may take steps to have part of the Infantry Barracks in the Crater reserved for the new Armed Branch with quarters for two Indian Officers.

In the last paragraph of my previous report it is shown that the cost of the reorganised force will amount to Rs. 3,29,379. If the Armed Branch is raised in

India, there will be an additional cost of Rs.63,528/- as shown in this report with a non-recurring charge of Rs.25,500, being the cost of original passages from India.

To equip and maintain the Armed Force of four Inspectors and 254 men, there will be further charges as under:—

Non-recurring.	Rs.
(*a*) Cost of original issue of uniform and accoutrements to 254 men @ Rs. 70/- per man	17,780
(*b*) Cost of 254 rifles @ Rs.43/- each	10,922
Cost of 4 revolvers @ Rs.120/- each	480
Cost of practice and reserve ammunition 55,000 rounds @ Rs.50/- per thousand	2,750

NOTE.—It may be noted here that only one of the present seven Inspectors of the Executive Establishment of the Town Police is supplied with a revolver. Six additional revolvers should be supplied so that all Inspectors can be armed I have, however, not allowed for this additional expenditure.

	Rs.
(*c*) Cost of a prison van	2,000
(*d*) Armourers tools, arms racks and armoury equipment ...	1,000

Contingencies. (Annual addition to present sanctioned grant).

1.—*Travelling Allowance.*

Non-voted.—Estimated at Rs.2,000/- as the D. S. P. and A. S. P. will have to pay periodical visits to Perim and Kamaran.

Voted.—Estimated at Rs.4,400/- being cost of relieving detachments at Perim and Kamaran twice a year.

2.—*House Rent.*

House Rent allowance to one Inspector allowed for in the Town Police in addition to the present strength estimated at Rs.50/- p m. Rs.600/-.

It is assumed that the four Inspectors of the Armed Police will find quarters in the Armed Police Lines at Aden, Perim and Kamaran, formerly occupied by the Military. I have made no allowance in these proposals for the renting of the Infantry Lines in the Crater and the detachments Lines in Perim and Kamaran, as I do not know what agreement will be arrived at between Government and the Military Department with regard to these quarters.

3.—*Rates and Taxes.*

Estimated at Rs.1,200/-.

4.—*Water Supply.*

The cost of supplying water to the additional men in Aden and at Perim and Kamaran is estimated at Rs.13,860/-. Members of the Town Police receive 1½ gallons of condensed water per day. This allowance is too small, and armed men cannot train and drill in an Aden climate on an allowance of 1½ gallons. I have allowed for 3 gallons per man per day in Aden.

5.—*Ordnance Stores.*

Estimated at Rs.1,500/-.

6.—*Medicines.*

Estimated at Rs.100/-.

7.—*Service Postage and Telegrams.*

Estimated at Rs.150/-.

8.—*Contract Contingencies.*	Rs.
Electric current for Headquarters Lines and lighting charges at Perim and Kamaran	400/-
Rewards to good marksmen	200/-
Peons uniforms and belts	60/-
Petty supplies:— Rangoon Oil, Flannelette, Gauze	250/-
Purchase and repair of furniture	200/-
Rebrowning and repairs to arms	100/-
Sweepers for Headquarters Lines Perim and Kamaran ...	960/-
	2,170/-

9.—*Prison Van Contingencies.*

Estimated at Rs.2,000/-.

I attach a comparative statement, showing approximately the total cost that will be involved in reorganising the Aden, Perim and Kamaran Police.

I have, &c.,

F. W GERRARD.
District Superintendent of Police,
On Special Duty, Aden.

Details.	*Present Police Establishment of Aden.*	*Proposed reorganised Police Force of Aden, Perim and Kamaran inclusive of all Branches.*	
		If armed branch raised locally.	*If armed branch raised in India.*
	Rs.	Rs.	Rs.
Pay and Allowances	1,75,836	3,29,379	3,77,091
Passages	—	—	15,816
Contingencies	31,282	59,092	59,092
Yearly Total Rs.	2,07,118	3,88,471	4,51,999
Non-recurring.			
Original issue of uniform	—	17,780	17,780
Cost of rifles, revolvers and ammunition	—	14,152	14,152
Cost of original passages from India	—	—	25,500
Cost of Prison Van	—	2,000	2,000
Armoury, equipment, armourers' tools and arms racks ...	—	1,000	1,000
	—	34,932	60,432

F. W. GERRARD.

NOTE.—Cost of occupation of Infantry Lines in the Crater and the Military Lines in Perim and Kamaran excluded.

C. 59297/28 [No. 67].

No. 204.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 27th August, 1928.

I AM commanded by the Air Council to acquaint you, for the information of the Secretary of State for the Colonies, that they have received from the Officer Commanding, British Forces in Aden, a copy of the report* which the Resident at Aden has submitted to the Government of Bombay on the re-organisation of the Aden Police Force. Copies of the report have, the Council understand, also been sent to your Department and to the Government of India.

I am to state that the Council regard the proposals contained in the report as eminently satisfactory, and trust that it will be possible for them to receive the earliest possible consideration and approval.

In particular they suggest that immediate sanction should be given to the proposal contained in paragraph 5 of the report that during the period required for raising and training the Force proposed, a section of 100 armed Indians should be engaged for temporary service, a number of whom might be obtained from the Aden Troop now in course of disbandment if early sanction is given.

The Air Council attach great importance to this proposal, as they view with the utmost reluctance the alternative of a company of Indian Infantry being sent to Aden.

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* Enclosure in No. 203.

Further, the Council are advised that it is now necessary to fix a definite date for the withdrawal of the 2nd Battalion of the South Wales Borderers, which should not be later than December or January next. If the Armed Force proposed by the Resident is sanctioned at an early date it will be possible to arrange a definite date for the withdrawal of this Battalion.

I am, &c.,
W. F. NICHOLSON.

C. 59297/28 [No. 69].

No. 205.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 208.]

SIR, Downing Street, 6th September, 1928.

I AM directed by Mr. Secretary Amery to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a despatch* from the Resident at Aden to the Government of Bombay regarding the reorganization of the Aden Police, and copies of two reports* by Mr. Gerrard, District Superintendent of Police, India, on the same subject. I am also to enclose a copy of a letter† which has been received from the Air Ministry on this subject.

2. The proposals put forward by the Resident were discussed at the Tenth Meeting‡ of the Standing Aden Committee, when the representatives of the Air Ministry impressed upon the Committee that it was of great importance that there should be no delay in proceeding with Sir Stewart Symes' proposal to engage a section of 100 armed Indians for temporary service, as otherwise it might be impossible to arrange for the early departure of the British Battalion stationed at Aden, and the opportunity of securing a number of the Aden Troop, who are about to be mustered out, for service with the Armed Police would be lost. The Committee saw no reason why the recruitment of this temporary force of 100 men should not be proceeded with, provided that the Government of India agreed, and without prejudice to a decision as to the incidence of the cost of the force. Mr. Amery agrees with this view, and subject to Their Lordships' concurrence, he proposes to ask the Secretary of State for India to invite the Government of India to give authority for the engagement of this force, and to agree that the question of the incidence of its cost should be dealt with later if the Government of India are unable to accept Sir Stewart Symes' proposals as a whole without further consideration. He would also ask the Secretary of State for India to ask the Government of India to agree to provide the funds for the force in the first instance, and to allow the question of the ultimate allocation of the cost to be settled at a later stage. Mr. Amery also agrees with the view expressed by the Committee that the Government of India should be invited to agree, on the same conditions regarding the incidence of the cost, that steps should be taken to engage 150 men locally and to appoint the officers required to train them, with a view to avoiding delay in the creation of the permanent force of Armed Police.

3. I am to inquire whether Their Lordships concur in these proposals.

4. A copy of this letter is being sent to the Air Ministry.

I am, &c.,
A. J. HARDING.

C. 59297/28 [No. 71].

No. 206.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 13th September, 1928.

I AM commanded by the Air Council to refer to the last paragraph of their letter of the 27th August† (with regard to the report on the proposals for the reorganization of the Aden Police Forces) and to say that in view of the urgency of making a decision as to the withdrawal of the British Battalion, they are now prepared definitely to agree, in anticipation of the temporary formation of an armed "Indian Section" that the Battalion can be withdrawn any time after 1st December.

* Enclosure and Sub-Enclosures 1 and 2 to No. 203. † No. 204. ‡ No. 10.

If Mr. Secretary Amery concurs in this proposal (as to which he will doubtless desire to consult the Resident at Aden) I am to request that the Air Ministry and War Office (to whom a copy of this letter is being sent) may be simultaneously informed accordingly.

A copy of this letter is also being sent to the India Office.

I am, &c.,
J. A. WEBSTER.

C. 59297/28 [No. 72].

No. 207.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 2.35 p.m., 15th September, 1928.)

TELEGRAM.

[*Answered by No.* 213.]

(Paraphrase.)

ADEN Police. Reference your despatch No. 130 of 7th August.* Treasury have been asked to agree that Government of India should be invited to give authority for engagement of temporary section of Indians as armed police as proposed by you and to consent to engagement of 150 men as armed police locally, the question of incidence of cost to be dealt with at a later date if Government of India are unable to accept Resident's proposals as a whole without further consideration.

Air Ministry are now prepared to agree in anticipation of formation of temporary section, that British Battalion may be withdrawn any time after 1st December. I trust you will agree.

Before replying to this telegram you may think it well to consult Symes, but I must ask for an early answer by telegraph.—AMERY.

C. 59297/28 [No. 77].

No. 208.

TREASURY to COLONIAL OFFICE.

(S./31885/03.)

SIR, Treasury Chambers, 18th September, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Harding's letter of the 6th instant,† and the accompanying copy of a despatch‡ from the Resident at Aden to the Government of Bombay regarding the reorganization of the Aden Police and copies of two reports‡ by Mr. Gerrard, District Superintendent of Police, India, on the same subject.

In reply I am to request you to inform Mr. Secretary Amery that My Lords are of opinion that the Report as a whole furnishes a satisfactory solution of the problem which They are prepared for Their part to accept, including the proposed contribution from Imperial funds at Rs. 75,000 for the first year, provided that the Government of India will likewise accept the Resident's proposals as a whole. Otherwise They must reserve the right of further criticism.

In the meanwhile, however, They fully agree with Mr. Amery and the Air Council that it is urgently necessary to reach a decision on Sir Stewart Symes' proposal to engage a section of 100 armed Indians for temporary service, in order to expedite the departure of the British Battalion from Aden. They accordingly agree that the Secretary of State for India should be asked to invite the Government of India :—

(1) to give authority for the engagement of this force, and to agree that the question of the incidence of its cost should be dealt with later if the Government of India are unable to accept Sir Stewart Symes' proposals as a whole without further consideration;

* No. 203. † No. 205. ‡ Enclosure and Sub-enclosures 1 and 2 in No. 203.

(2) to agree to provide the funds for the force in the first instance, without prejudice to the question of the ultimate allocation of the cost; and
(3) to agree, on the same conditions regarding the incidence of the cost, that steps should be taken to engage 150 men locally and to appoint the officers required to train them, with a view to avoiding delay in the creation of the permanent force of Armed Police.

A copy of this letter has been sent to the Air Ministry and to the India Office.

I am, &c.,
G. C. UPCOTT.

C. 59297/28 [No. 81].

No. 209.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 5.55 p.m., 20th September, 1928.)

TELEGRAM.

YOUR despatch of 7th August, 130.*
Treasury have now agreed to engagement of temporary section of 100 Indians and local recruitment of 150 Armed Police and I am approaching the Secretary of State for India accordingly.—AMERY.

C. 59297/28 [No. 82].

No. 210.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 212.]

SIR, Downing Street, 21st September, 1928.

I AM directed by Mr. Secretary Amery to refer to the correspondence ending with the letter from the Treasury to this Department, No. S/31885/03 of the 18th of September,† a copy of which, it is understood, has been forwarded to you, regarding the reorganization of the Aden Police.

2. I am to request that, if the Earl of Birkenhead sees no objection, he will explain to the Government of India the necessity for an early decision on Sir Stewart Symes' proposal to engage a section of 100 armed Indians for temporary service and that he will invite the Government of India:—

(1) to give authority for the engagement of this force, and to agree that the question of the incidence of its cost should be dealt with later if the Government of India are unable to accept Sir Stewart Symes' proposals as a whole without further consideration;
(2) to agree to provide the funds for the force in the first instance, without prejudice to the question of the ultimate allocation of the cost, and
(3) to agree, on the same conditions regarding the incidence of the cost that steps should be taken to engage 150 men locally and to appoint the officers required to train them, with a view to avoiding delay in the creation of the permanent force of Armed Police.

3. Copies of this letter are being sent to the Treasury and the Air Ministry.

I am, &c.,
J. E. SHUCKBURGH.

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* No. 203. † No. 208.

C. 59297/28 [No. 89].

No. 211.

THE RESIDENT to THE SECRETARY OF STATE.

(Secret.)
(No. C. 513.)

Residency Office,
Aden, 8th September, 1928.

COPY forwarded, with compliments, to His Majesty's Secretary of State for the Colonies, London.

G. T. FISHER
(for Resident and Commander-in-Chief, Aden).

Enclosure in No. 211.

(Secret.)
(No. C. 512.)

Residency Office,
Aden, 8th September, 1928.

SIR,

Subject:—*Reorganization of the Aden Police.*

I HAVE the honour to refer to my despatch, Secret, dated the 4th of August, making recommendations for the reorganization of the Aden Police, and to inform you that estimates of cost which have been made since show that the initial expenditure on offices and barrack accommodation (see paragraph 6) will not exceed 1 lakh of rupees.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

Copies of this letter have been sent to the Colonial Office and the Government of India.

The Chief Secretary to Government,
Political Department, Bombay.

C. 59297/28 [No. 94].

No. 212

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall,
SIR, London, S.W.1, 25th September, 1928.

IN reply to Sir John Shuckburgh's letter of the 21st September,* on the question of the reorganization of the Aden Police, I am directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copy of a telegram dated the 20th September, from which it will be seen that the proposals in the matter of the Colonial Office and Treasury had already been communicated to the Government of India, who are being pressed for an immediate decision, at least as regards the engagement of a section of 100 armed Indians for temporary service. A further reminder will be sent to the Government of India if no reply is received at an early date.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 212.

THE SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, No. 2661, REPEATED TO GOVERNMENT OF BOMBAY, No. 2662, DATED 20TH SEPTEMBER, 1928.

TELEGRAM.

(Paraphrase.)
EARLY decision is being pressed for by Air Ministry, in view of urgency of withdrawing British Battalion, on question of Aden Police.

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* No. 210.

The position here is at present that suggestion has been made by Colonial Office and Treasury that failing immediate acceptance as a whole by us of scheme:—

(*a*) authority should be given by you for engagement of Indian Armed Section, funds being provided in first instance by you, without prejudice to ultimate allocation;

(*b*) that on same terms regarding incidence you should agree to taking of steps to engage locally 150 men, and to appoint officers to train them.

I shall be glad if you will reply very urgently as regards (*a*) at least.

Foregoing refers to my telegram dated 30th August, No. 2474.

C. 59297/28 [No. 102].

No. 213.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 1.15 p.m., 3rd October, 1928.)

TELEGRAM.

[*Answered by No.* 222.]

(Paraphrase.)

No. 288. 3RD OCTOBER. Your telegrams of 28th September* and 15th September,† I would rather keep British Battalion here until (1) Indian Section of Armed Police is formed; (2) British and Subordinate Police Officers for reorganization of local force have arrived, and (3) the fresh negotiations with Imam on the Frontier question have been satisfactorily concluded. As regards (1) and (2) it is hoped by authorities in India to supply my requirements by 15th December. As regards (3) no reply has been received from Imam to my suggestion that he should send a representative to visit me at Aden (perhaps on account of my absence from Aden); if, however, trooping arrangements necessitate withdrawal of the South Wales Borderers in December, I do not anticipate serious difficulty about this.

C. 59297/28[No. 106].

No. 214.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 237.]

India Office, Whitehall,
London, S.W.1, 11th October, 1928.

SIR,

IN continuation of previous correspondence relative to the future organisation of the Aden Police, I am directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copies of the telegraphic correspondence noted in the margin with the Government of India. It will be seen that the Indian Governments concerned are prepared to accept Mr. Gerrard's proposals for the Aden Police, including his proposals for the strength of that force; that endeavours are being made to find a suitable Assistant Superintendent of Police with a knowledge of Arabic who can be lent to the Government of Bombay for service at Aden; and that Sir Stewart Symes's proposals for local recruitment and also for the temporary engagement of 100 Indian Police, half from the Aden Troop and half on loan from the Bombay Armed Police, are also accepted, on the definite understanding, however, that the local recruitment of the Armed Force shall be regarded as an experiment, and that the Indian element shall not be withdrawn until it is clear that the local force is really efficient and capable of carrying out the responsible duties to be entrusted to it. Initial action is being taken towards the recruitment of the men immediately required from India.

From Viceroy, 28th September.‡
From Viceroy, 3rd October.‡

2. The position as regards financial responsibility for the forces proposed, both permanent and temporary, is discussed in the last paragraph of the Viceroy's telegram of the 28th September, and in paragraphs 3, 4 and 5 of his telegram of the 3rd October. It will be seen that the Government of India and the Government of

* C. 59297/28 [No. 95] not printed. † No. 207. ‡ Not printed.

Bombay are not prepared to agree to accept any additional expenditure in respect of the new forces, whether permanent or temporary, beyond the sum of Rs. 19,000 per annum, which represents, in their view, the additional expenditure on the Aden Police Force which would in any case have been necessary to bring it up to a reasonable level of efficiency, and that, in taking this view, they base themselves substantially on the arguments set out in sub-paragraph 2 of paragraph 3 of India Office letter to the Colonial Office of the 26th June.*

3. As regards the organization and recruitment of the proposed Aden Police Force, Lord Birkenhead directs me to say that he accepts the views of the Government of India. On the question of finance, I am to say that His Lordship is in agreement on the merits of the case with the Indian authorities, and he directs me to invite the particular attention of Mr. Amery to the further fact that, as pointed out by the Viceroy, the cost of the measure, if accepted, and in so far as accepted, as an Indian charge, would, under the financial arrangements of the present Constitution, fall upon the Provincial revenues of Bombay, and that it is probable that very serious difficulty would be experienced in persuading the Bombay Legislative Council, if asked to do so, to vote the additional supply required. In these circumstances, he directs me to express the hope that the Imperial Departments concerned will be prepared to bear the additional charge involved, and to ask for an immediate intimation of their views in the matter in view of the fact that, pending a decision upon them, action for the actual recruitment of the 100 Armed Police must be suspended.

4. A copy of this letter is being sent to the Treasury and the Air Ministry.

I am, &c.,
L. D. WAKELY.

C. 59297/28 [No. 107].

No. 215.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall,
London, S.W.1, 11th October, 1928.

SIR,

IN continuation of my letter of to-day's date,† I am directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copy of a further telegram from the Government of India and to request that he may be informed at the earliest possible date what reply should be given to their inquiry.

Copy of this letter is being sent to the Air Ministry and to the Treasury.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 215.

VICEROY, FOREIGN AND POLITICAL DEPARTMENT to SECRETARY OF STATE FOR INDIA.

(Received 8 p.m., 8th October, 1928.)

TELEGRAM.

2027—S. 8TH OCTOBER. Resident at Aden telegraphs 4th October, 239:—

Begins:—My Secret despatch dated 4th August, paragraph No. 5 (1). A part of ex-Aden troop is now here and due repatriation to India 21st October. Remainder is concentrated at Kamaran pending arrangements for repatriation of all troopers who do not elect to join Armed Police Section. May I now inform Sowars that (1) rates of pay and allowances as recommended by Mr. Gerrard in his report of 13th July, are approved; (2) men who are willing to accept these terms and otherwise suitable will be enrolled as soon as Armed Police Section is formed? Matter is urgent as men require to be told definitely of prospects for their retention in police or repatration.—*Ends*.

Please telegraph with reference to my telegram of 3rd October, 1990-S, what reply His Majesty's Government would like given.

Addressed to Secretary of State for India, repeated Bombay and Aden.

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* No. 200. † No. 214.

C. 59297/28 [No. 108].

No. 216

WAR OFFICE to COLONIAL OFFICE.

[*Answered by No.* 221.]

(Secret.)

SIR, The War Office, London, S.W.1, 11th October, 1928.

I AM commanded by the Army Council to refer to your letter dated 4th October, 1928,* forwarding a copy of a telegram† from the Resident at Aden on the subject of the date of the withdrawal of the South Wales Borderers from Aden.

2. In reply, I am to inform you, for the information of Mr. Secretary Amery, that the Council regret that they are unable further to delay the conclusion of the shipping programme for the current trooping season and that, in view of the opinion now expressed by the Resident they propose to make final arrangements for the withdrawal of this Battalion on the 1st February, 1929.

3. I am to ask for your definite agreement to this proposal, and am to request the favour of a very early reply.

I am, &c.,
A. E. WIDDOWS.

C. 59297/28 [No. 109].

No. 217.

COLONIAL OFFICE to AIR MINISTRY.

[*Answered by No.* 220.]

SIR, Downing Street, 13th October, 1928.

I AM directed by Mr. Secretary Amery to refer to India Office letter of the 11th of October,‡ a copy of which has it is understood been forwared direct to you on the subject of the future organization of the Aden Police, and to transmit to you, to be laid before the Air Council, the accompanying copy of a letter§ from the War Office in regard to the date of the withdrawal of the South Wales Borderers from Aden.

2. The position was discussed by the Aden Standing Committee on the 12th of October,‖ and it was decided to recommend that the Government of India should be informed that His Majesty's Government were prepared to accept the whole cost of the temporary force of 100 Armed Police. Mr. Amery understands that a telegram has now been addressed to the Government of India in this sense and he would be glad to learn whether the Air Council are prepared to agree that, if the Government of India intimate that they are willing to give instructions for the force to be raised and that the men will be available by the 15th of December or shortly thereafter, the South Wales Borderers may be withdrawn, as the Army Council propose, on the 1st of February, 1929.

3. Copies of this letter are being sent to the Treasury and War Office.

I am, &c.,
H. F. BATTERBEE.

C. 59297/28 [No. 112].

No. 218.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 13th October, 1928.

I AM directed by the Secretary of State for India in Council to forward, for the information of Mr. Secretary Amery, copy of a telegram on the subject of the Aden Police which has now been despatched to the Viceroy in the terms agreed in

* C. 59297/28 [No. 103]: not printed. † No. 213. ‡ No. 214. § No. 216. ‖ No. 11.

the meeting of the Aden Committee on the afternoon of the 12th October,* by representatives of the Treasury, Colonial Office, and Air Ministry.

Copies of this letter are being sent to the Treasury and Air Ministry.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 218.

SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, No. 2904, DATED 12TH OCTOBER. REPEATED TO GOVERNMENT OF BOMBAY, No. 2905, AND RESIDENT, ADEN, No. 2906.

TELEGRAM.

(Paraphrase.)

IMPERIAL Departments concerned have under investigation general question of incidence raised in your telegrams dated 28th September, 1960-S, and 3rd October, 1990-S. They represent that they cannot be expected to give an immediate decision upon it, but they are prepared, however, in view of urgent need of immediate action to enable withdrawal with least possible delay of British Battalion, to bear, on understanding that Government of India are satisfied that rates of pay proposed are appropriate in the circumstances, whole cost of interim force of 100 Armed Police to be recruited for period not exceeding two years in the first instance. They ask that authority to give required assurances should accordingly be given to Resident.

It is assumed by me that no objection will, in the circumstances, be seen by you and that you will be prepared to give instructions for the taking of immediate action. I shall be glad if you will telegraph whether this is so, and also, for the information of the Secretary of State for the Colonies, whether men can still be made available as anticipated in Symes's telegram to Colonial Office No. 288, dated 3rd October, by 15th December.

Foregoing refers to your telegram No. 2027-S, dated 8th October.† Aden Police.

C. 59297/28 [No. 113].

No. 219.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 15th October, 1928.

IN continuation of my letter of the 13th October,‡ I am directed by the Secretary of State for India in Council to forward for the information of Mr. Secretary Amery, copy of a telegram on the subject of the Aden Police, which has now been received from the Viceroy, and which is self-explanatory.

Copies of this letter are being sent to the Treasury and the Air Ministry.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 219.

VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, DATED 14TH OCTOBER.

TELEGRAM.

(Paraphrase.)

No. 2080. S. THAT the rates of pay proposed for the Armed Police are reasonable we are satisfied, and the following telegram has accordingly been issued by us to Bombay and repeated to the Resident at Aden:—

Telegram begins:—Authority may be given to Resident to give Sowars assurances to which he refers in his telegram No. 289 of 4th October.† Immediate action may also now be taken for recruitment of men required from Bombay for force of 100 armed Indians. Action taken, and also whether men can be made available by 15th December should be reported by telegraph.—*Telegram ends*.

Foregoing refers to your telegram of 12th instant No. 2904§ Aden Police.

* No. 11. † Enclosure in No. 215. ‡ No. 218. § Enclosure in No. 218.

C. 59297/28 [No. 115].

No. 220.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

Air Ministry, London, W.C.2, 16th October, 1928.

SIR,

I AM commanded by the Air Council to acknowledge the receipt of your letter of the 13th instant,* in regard to the date of the withdrawal of the South Wales Borderers from Aden.

The Air Council now understand that a further communication has now been received from the Government of India to the effect that instructions are being issued for the temporary force of 100 Armed Police to be raised at once. In these circumstances they consider that a definite intimation could be given to the War Office that the Battalion may be withdrawn on the 1st February, as proposed by that Department.

Copies of this letter have been sent to the War Office and Treasury.

I am, &c.,
J. A. WEBSTER.

C. 59297/28 [No. 116].

No. 221.

COLONIAL OFFICE to WAR OFFICE.

Downing Street, 20th October, 1928.

SIR,

WITH reference to your letter of the 11th of October,† in regard to the date of withdrawal of the South Wales Borderers from Aden, I am directed by Mr. Secretary Amery to request you to inform the Army Council that he agrees to their proposal that the Battalion should be withdrawn on the 1st of February, 1929.

Copies of this letter are being sent to the Air Ministry and Treasury.

I am, &c.,
G. L. M. CLAUSON.

C. 59297/28 [No. 117].

No. 222.

THE SECRETARY OF STATE to THE RESIDENT.

(Secret.)

Downing Street, 22nd October, 1928.

SIR,

I HAVE the honour to refer to your telegram No. 288 of the 3rd October,‡ in regard to the withdrawal of the British Battalion from Aden.

2. You will have seen from the telegram addressed by the Secretary of State for India to the Viceroy of the 12th of October§ and repeated to you as No. 2096, that, in view of the urgent need of immediate action to enable the withdrawal of the British Battalion to be effected with the least possible delay, His Majesty's Government have agreed that the whole cost of the interim force of 100 Armed Police should be borne from British funds. I understand that the Government of India have assented to the immediate recruitment of this force and I have now, with the concurrence of the Air Council, informed the Army Council that the Battalion may be withdrawn from Aden on the 1st February, 1929.

I have, &c.,
L. S. AMERY.

C. 59297/28 [No. 121].

No. 223.

INDIA OFFICE to COLONIAL OFFICE.

India Office, 1st November, 1928.

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State, Colonial Office, and begs to transmit to him copy of a telegram to Viceroy on the subject of the Aden Police.

Copy also sent to Treasury.

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* No. 217. † No. 216. ‡No. 213. § Enclosure in No. 218.

Enclosure in No. 223.

SECRETARY OF STATE FOR INDIA TO VICEROY. (DATED 30TH OCTOBER, 1928.)

TELEGRAM.

3094. Foreign and Political Department. Is it proposed that mustering-out concessions shall be paid to men of Aden Troop before re-enlistment in interim Police Force?

Addressed Viceroy; repeated Resident Aden No. 3096 and Government of Bombay No. 3095.

C. 59297/28 [No. 122].

No. 224.

COLONIAL OFFICE to AIR MINISTRY.

[*Answered by No.* 227.]

Downing Street, 10th November, 1928.

SIR,

I AM directed by Mr. Secretary Amery to refer to the letter from this Department of the 23rd October* and previous correspondence on the subject of the reorganization of the Aden Police, and to state, for the information of the Air Council, that Mr. Amery has had under consideration the question of the permanent allocation of the extra cost of the Police involved in the recommendations made in Mr. Gerrard's reports, copies of which were sent to your Department under cover of Colonial Office letter of the 12th of September.†

2. Mr. Amery, after carefully considering the matter in all its aspects, has come to the conclusion that it is not possible at the present juncture to deal with the matter other than on broad lines of principle. He would accordingly suggest for the consideration of the Council that the following principles should be recommended to the Lords Commissioners of the Treasury for their favourable consideration, viz. :—

(1) That such additional expenditure as would, in any case, have been necessary to bring the Aden Police Force to a reasonable state of efficiency for the purpose of civil duties should be borne by the Government of India.

(2) That the cost of such increase in the force as may be found necessary to enable it to take over duties which have hitherto been undertaken by the Military Forces should be borne by His Majesty's Government. Such increase would, of course, take the form of Armed Police.

(3) That the cost of any Armed Police who are required to perform civil duties such as, for example, the guard of the Gaol, the guard of the Treasury, the escort of prisoners and prison vans, and perhaps the guard of the Residency should be borne by the Government of India.

(4) That the cost of such Police as are required on the Islands of Perim and Kamaran for the purpose of police duties only should be borne by the Government of India.

3. As the Council are aware, Mr. Gerrard proposed that the establishment at Perim and Kamaran should consist of 6 head and 44 ordinary constables at each place on the ground that the local authorities considered 25 men at each place to be insufficient. Mr. Amery is aware that the Council hold strong views on the question of the strength to be maintained on these Islands, but he would suggest that the matter may again be reviewed in the light of principle No. 2.

4. The Council will also be aware that the Indian Governments concerned have stated definitely that they are not prepared to accept any additional expenditure in respect of the new force, whether permanent or temporary, beyond the sum of Rs. 19,000 per annum, which represents in their views the additional expenditure on the force which would, in any case, have been necessary to bring it up to a state of reasonable efficiency. In this connexion Mr. Amery would suggest that, until experience has been gained in the actual distribution of the force, the allocation of the duties between those which are entirely civil and those which have been necessitated by the removal of the Military forces, and the general working of the scheme as a

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* C. 59297/28 [No. 118] : not printed. † C. 59297/28 [No. 70] : not printed.

whole, the contribution of Rs. 19,000 offered by the Government of India should be accepted, without prejudice to the question of what, if any, further contribution should be made in respect of the duties enunciated in principles (3) and (4).

5. I am to ask that the Council will be good enough to state their views on the foregoing points at an early date in order that the whole question may be referred to the Treasury before a reply is made to the Government of India.

I am, &c.,
H. R. COWELL.

C. 59297/28 [No. 124].

No. 225.

POLITICAL RESIDENT AT ADEN to GOVERNOR OF BOMBAY, AND REPEATED BY THE FORMER TO SECRETARY OF STATE FOR INDIA.

(Received 12.15 p.m., 6th November, 1928.)

(Copy received in Colonial Office, 10th November, 1928.)

TELEGRAM.

No. 298. 6TH NOVEMBER. Reference to India Office telegram of 30th October, 3096.* Paragraph No. 603 of Indian Pay and Allowances Regulations, Part 2, seems applicable to the Aden Troop, who are mustered out irrespective of whether they do or do not engage for Aden temporary Armed Police I have just heard that four men only are now willing to join the Police; the rest, owing to delay and prolonged detention at Kamaran, are anxious to be sent back to India at once.

Addressed to Bombay, repeated Viceroy and India Office.

C. 59297/28 [No. 126].

No. 226.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall.
London, S.W.1, 16th November, 1928.

SIR,

IN continuation of previous correspondence in connexion with the provision of a force of Armed Police at Aden, I am directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copy of a telegram, dated the 14th November, from the Viceroy, and to enquire whether authority may be given to the Government of India to incur on behalf of His Majesty's Government the expenditure of Rs. 10,000 therein referred to .

I am to request the favour of a very early reply.

Copy of this letter is being sent to the Treasury and to the Air Ministry.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 226.

VICEROY, FOREIGN AND POLITICAL DEPARTMENT to SECRETARY OF STATE FOR INDIA, DATED 14TH NOVEMBER, 1928.

TELEGRAM.

(Paraphrase.)
(No. 2386-S.)

IT has been reported by Resident at Aden that much adaptation of former infantry barracks at Crater must be undertaken without delay for suitable accommodation of Armed Police on arrival. He and the Government of Bombay ask for

* Enclosure to No. 223.

sanction to spend on the execution of the more urgent items up to Rs. 10,000, pending examination of detailed plans and estimates totalling Rs. 25,000, which are being submitted by the Resident. We shall be glad if your approval can be telegraphed. His Majesty's Government will be charged with the expenditure involved.

Foregoing refers to our telegram 2120-S. of 19th October, Aden Police.

C. 59297/28 [No. 127].

No. 227.

AIR MINISTRY to COLONIAL OFFICE.

Air Ministry, London, W.C.2, 19th November, 1928.

SIR,

I AM commanded by the Air Council to refer to your letter of the 10th instant,* on the subject of the reorganization of the Aden Police.

The Air Council agree generally with the statement of principles in paragraph 2 thereof, but desire to offer, for Mr Secretary Amery's consideration, the following observations upon this question, considered from their point of view as the department charged with responsibility for the military defence of Aden:—

2. (*a*) When increased air strength and the provision of armoured cars is taken into account, the intrinsic capacity of the military forces at Aden to aid the civil power in the event of internal disorder getting beyond the point at which it should be repressed by police acting alone, is in no way diminished by reductions already made and impending in the garrison, measured by numbers of military personnel. The need for remedying the inefficiency of the existing Police Force is in order to lessen the chances of the military being called in to handle situations which are more appropriate to police action.

(*b*) The Air Council had never envisaged that so large an increase in numbers of police would be required as that proposed by Mr. Gerrard, and his proposals are in part at least based on military assumptions which the Air Council do not accept, *e.g.*, his references to the " absence of military support in the event of internal disturbances, and the possibility of the new force having to deal with raids on the Settlement by robbers from the surrounding country " and to the " limited military assistance available."

(*c*) The maintenance of internal security in any country is primarily a civil responsibility. The Civil Administration is failing in its duty if it does not provide a police force sufficently trained in, and supplied with, arms to repress minor disorders without invoking military aid. The Police Force at Aden, on the showing of Mr. Gerrard (an official appointed by the Government of India itself) is below that standard. It cannot in its present form be entrusted with the responsibility for maintaining law and order in the absence of *immediate military* aid. Other overseas dependencies of comparable conditions possess *Armed* Police, *e.g.*, British Guiana, Trinidad, Jamaica, Cyprus, Kenya, Gold Coast, Ceylon, Hong Kong, Straits Settlements, Mauritius, &c.

3. For this last reason in particular the Air Council would strongly demur to any contention—express or implied—that the need for improving the efficiency or increasing the numbers of police at Aden arises in any way from the Imperial Government seeking to unload upon the Civil Authority duties which are proper to the Military Garrison They are therefore not altogether in favour of seeking a basis of contribution or a distinction between police duties " which are entirely civil " and " those which have been necessitated by the removal of the military forces." As indicated above, they hold that the military garrison is now, as before, adequate to the duties which are proper to it, and the question is rather that of the Civil Authority remedying a condition of neglect in regard to a clearly civil responsibility which has continued too long.

4. The Air Council appreciate, having regard to all the circumstances of the transfer of the political and military control at Aden to the Home Government, that the extent to which these views, which they are convinced to be correct, as to the proper allocation of responsibilities can be enforced upon the Government of India, raises political and financial issues which are hardly within their responsibility. They

* No. 224.

suggest, however, for Mr. Amery's consideration that a settlement is likely to be deferred if the Government of India are asked to pay any part of the cost of Armed Police at Kamaran or Perim. The recent attitude of the Government of India has been to disclaim all interest in Kamaran, and as regards Perim a distinction could be urged with some plausibility between the position there, where the military detachments are being entirely withdrawn and the position on the mainland. Moreover, as regards financial incidence for the Police at Perim and Kamaran, any attempt to obtain even partial acceptance of the charge by the Government of India would be in conflict with the recommendations of the Resident who, in the matter of the mainland Police, favoured acceptance of responsibility by India.

I am lastly to forward the enclosed copy of a memorandum on this subject which had been prepared before the receipt of your letter under reply. The suggestions contained therein concern, the Council appreciate, the Colonial Office and the Treasury rather than themselves, and the memorandum was primarily prepared for the personal information of the Secretary of State for Air.

I am, &c.,
J. A. WEBSTER.

Enclosure in No. 227.

FINANCIAL RESPONSIBILITY FOR ADEN POLICE.

1. It is clearly desirable that a *permanent* solution of the question of the Aden Police should be reached as soon as possible. The force of 100 Armed Police which has now been authorised is only temporary and will not provide the numbers necessary to replace the 2 extra platoons of Aden Levies which have been organized on a temporary basis to provide detachments for Perim and Kamaran.

2. The Gerrard Report recommends the retention, with some internal reorganization, of practically the whole of the existing Police (to be 292 strong as against 299 at present) and in addition the formation of a new force of Armed Police 254 strong from which two detachments, each of 50 men, would be found for Perim and Kamaran. Mr. Gerrard expresses his opinion that the proposed strength of the armed force could not be reduced without danger and difficulties in the matter of providing reliefs for the islands. The Government of India refuse to pay for any part of the Armed Police, the annual cost of which is estimated by the Resident at £12,500 or so, with an initial non-recurring expenditure of about £3,000.

3. The reasons against accepting the Government of India's proposals are :—

(*a*) The maintenance of internal security in any country is primarily a civil responsibility. The Civil Administration is failing in its duty if it does not provide a police force sufficiently trained in, and if necessary supplied with, arms to repress minor disorders without invoking military aid.

(*b*) The Police Force at Aden, on the showing of Mr. Gerrard (an official appointed by the Government of India itself to examine the problem) is below that standard. It cannot in its present form be entrusted with the responsibility for maintaining law and order in the absence of *immediate* military aid.

(*c*) All other overseas dependencies of comparable conditions possess *Armed Police*, *e.g.*, British Guiana, Trinidad, Jamaica, Cyprus, Kenya, Gold Coast, Ceylon, Hong Kong, Straits Settlements, Mauritius, &c.

(*d*) The Government of India's claim (*vide* India Office letter of 26th June) is that control and responsibility for the civil police . . . responsibility for the maintenance of law and order and internal security must remain with India on " constitutional and political grounds," but that the British Government must bear the expense. The Government of India is to administer and decide the strength of the force; the British Government is to pay for it.

(*e*) The Air Ministry strongly hold that the intrinsic capacity of the military forces at Aden to aid the civil power in the event of internal disorder getting beyond the point at which it should be repressed by police acting alone, is not diminished by the reduction in the size of the military garrison. They have urged the desirability of remedying the inefficiency of the existing Police Force in order to lessen the chances of the military being called in to handle situations which are more appropriate to police action, but they have never envisaged that so large an increase in actual

numbers would be required. Gerrard's proposals as regards numbers are in part at least based on the military assumption which the Air Ministry (as the responsible military department at Aden) does not accept, *e.g.*, his references to the " absence of military support in the event of internal disturbances, and the possibility of the new force having to deal with raids on the Settlement by robbers from the surrounding country " and to the " limited military assistance available."

(*f*) Assuming that the cost of the detachments at Perim and Kamaran is treated as a permanent charge against Imperial funds, it is not reasonable that the British Government should pay for a force of 254 Armed Police in order to maintain two detachments of 50 at each of those islands. The strength of 50 at Perim and Kamaran again is higher than the numbers recommended by Group Captain Burnett who considered that 25 at each place would suffice. The Levy detachments which are being sent as a temporary measure will be only 32 strong.

4. Under the Resident's proposals which the Government of India on their financial side reject the additional cost of the Police Forces as reorganized would be roughly : Indian funds £7,800, British funds £5,800. The Government of India are only prepared to pay £1,400, which would leave British funds to bear in a normal year approximately £12,200. The amount in dispute, therefore, is only about £6,400 a year—though this may be an under-estimate.

5. The reasons for acquiescing in the Government of India's proposals are :—

(*a*) The amount at issue is small. Even if £6,400 is an under-estimate it would not be likely to exceed, at a maximum, £8,000.

(*b*) The Government of India is disgruntled at the partial loss of control at Aden. This is a sentiment not an argument, but some account may have to be taken of it.

Conclusions.

6.—(1) The financial aspect does not directly concern the Air Ministry We should not bear any charges for Police on Air Ministry Votes. That matter is, therefore, one between the Colonial Office and Treasury on the one side and the India Office on the other.

(2) We have a direct interest as regards Perim and Kamaran as we have to keep Levies there until enough Armed Police are produced from Aden to relieve them. (The Levies are paid by the Colonial Office but controlled by us.)

(3) If serious disorder broke out at Aden we shall have sufficient military resources to repress it. It is the business of the Civil Administration to be provided with a police force adequate to repress minor disorders and to prevent them developing into serious disorders.

(4) *Suggested basis of settlement.* The British Exchequer to offer to pay a larger grant-in-aid for the Police at Perim and Kamaran, as proposed by the Resident. The Treasury might agree to the Colonial Office paying £8,000 a year to the Government of India on an undertaking that forces of not less 40 or more than 50 Police were maintained at Perim and Kamaran on a standard of efficiency approved by the head of the reorganized Aden Police.

This would cover far more than the direct charges for the two detachments, and the difference might be accepted by the Treasury as reasonable on the ground that we ought to pay something for the organization behind the two detachments necessary to provide occasional reliefs and reinforcements in case of sickness, &c.; in effect it would mean that this extra payment would considerably assist to finance the cost of providing the Armed Police in Aden itself, and it would leave the Government of India with a motive for reducing the numbers, which they will not have if they are left free to fix the numbers while we pay all charges. The amount of the British contribution for the Police at Perim and Kamaran should be subject to review after three years' working, that is to say, after four or five years from now.

(5) If the Treasury will not accept this, or if the Treasury will accept it and the Government of India still remain intransigent we should then continue to garrison Perim and Kamaran by detachments of Levies and throw upon the Government of India responsibility for taking and financing such measures for improving the Aden Police as they might find in their own interests necessary to adopt after the two years' interim period has elapsed. It is probable that when the Settlement has got used to the withdrawal of the British Battalion its views as to numbers of Police necessary will be moderated.

(6) The arguments against creating an impasse are that the Government of India might then refuse to carry out their undertaking to pay £150,000 a year, or one-third of the cost of the military garrison. Whether, if she refused, effective pressure could be brought to bear is a matter for the Treasury and not for us.

Air Ministry,
25th October, 1928.

C. 59297/28 [No. 128].

No. 228.

COLONIAL OFFICE to AIR MINISTRY.

[*Answered by No.* 229.]

SIR, Downing Street, 30th November, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter from the India Office of the 16th of November,* of which a copy is understood to have been forwarded to you direct, in regard to the provision of accommodation for the Armed Police Force at Aden. I am to inquire whether the Air Council have any observations to offer upon the proposal made in that letter.

In Mr. Amery's view, the question of the incidence of charge depends upon whether the accommodation is required solely for the temporary Armed Police or whether it will afterwards be required for any other portion of the Force as a whole. If the latter, he considers that the question of incidence of charge should follow the decision on that of the Force as a whole, which question as the Council are aware, is now under consideration.

I am, &c.,
H. R. COWELL.

C. 59297/28 [No. 132].

No. 229.

AIR MINISTRY to COLONIAL OFFICE.

SIR, Air Ministry, London, W.C.2, 4th December, 1928.

I AM commanded by the Air Council to refer to your letter of 30th November,† in regard to the provision of accommodation for the Armed Police Force at Aden.

The Air Council understood the telegram from the Viceroy of the 14th November, No. 2386-S,‡ as referring to the needs of the Armed Police only. This interpretation is in accordance with the terms of Mr. Gerrard's report which specifically requested that the Residency should take steps to have part of the Infantry Barracks in the Crater reserved for the new armed branch. In an earlier part of the report reference is made only to the necessity of a headquarters for the Armed Police and to the desirability of reserving infantry lines in the Crater for that purpose.

In these circumstances the Air Council's view is (as their opinion has been asked on the matter) that it is desirable that the authority asked for by the Government of India should be given as early as possible. If it later appears that the headquarters will serve any function in relation to the main Police Force as a whole under the permanent arrangements, the value of the accommodation provided will no doubt be taken into account in the financial settlement to which it would be necessary to arrive with the Government of India.

I am, &c.,
CHARLES EVANS
(for Secretary).

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* No. 226. † No. 228. ‡ Enclosure in No. 226.

C. 59297/28 [No. 133].

No. 230.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 231.]

SIR, Downing Street, 6th December, 1928.

I AM directed by Mr. Secretary Amery to refer to India Office letter of the 16th of November,* addressed to the Colonial Office, a copy of which it is understood was sent to you direct, relative to the provision of accommodation for the Armed Police Force at Aden, and to transmit to you, to be laid before the Lords Commissioners of His Majesty's Treasury, the accompanying copy of correspondence† which has taken place with the Air Ministry on this subject.

2. I am to request that you will be good enough to move Their Lordships to sanction the expenditure of Rs. 10,000 by the Indian Government, on behalf of His Majesty's Government on the necessary alterations in the former Infantry Barracks in order to provide suitable accommodation for the Armed Police on their arrival, on the understanding that, if the accommodation is used subsequently for any portion of the Aden Police Force, other than the Armed Police, the cost of whom is being borne by His Majesty's Government, the value of such accommodation as is provided will be taken into account in the financial settlement which has to be arrived at with the Government of India in regard to the Force as a whole.

I am, &c.,
H. R. COWELL.

C. 59297/28 [No. 135].

No. 231.

TREASURY to COLONIAL OFFICE.

(S. 31885/03/2.)

SIR, Treasury Chambers, 6th December, 1928.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 6th instant,§ relative to the provision of accommodation for the Armed Police Force at Aden.

In reply I am to request you to inform Mr. Secretary Amery that My Lords sanction the expenditure of Rs. 10,000 by the Indian Government, on behalf of His Majesty's Government, on the necessary alterations in the former Infantry Barracks in order to provide suitable accommodation for the Armed Police on their arrival, on the understanding that, if the accommodation is used subsequently for any portion of the Aden Police Force, the cost of which will not finally rest on His Majesty's Government, the value of such accommodation as is provided will be taken into account in the financial settlement which has to be arrived at with the Government of India in regard to the force as a whole.

The Secretary of State will observe that the stipulation made by Their Lordships above differs somewhat from that proposed in the letter under reply. It is not to be taken for granted at this stage that the cost of this permanent Armed Police Force will be finally borne by His Majesty's Government.

I am, &c.,
R. V. NIND HOPKINS.

C. 59297/28 [No. 137].

No. 232.

AIR MINISTRY to COLONIAL OFFICE.

Air Ministry, Kingsway, W.C.2, 7th December, 1928.

SIR, *Recruitment of Police for Aden in India.*

I AM commanded by the Air Council to transmit for your information a copy of letter which has been addressed to the India Office on the above subject.

I am, &c.,
W. F. NICHOLSON.

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* No. 226. † Nos. 228 and 229. § No. 230.

Enclosure in No. 232.

(Secret.)

SIR, Air Ministry, Kingsway, W.C.2, 7th December, 1928.

I AM commanded by the Air Council to acquaint you, for the information of the Secretary of State for India, that they view with some concern the absence of information and apparent slowness of progress in connexion with the recruitment of the temporary section of Armed Police at Aden.

As Lord Peel will be aware, it is most desirable that the existing Police Forces should be strengthened by the time that the British Battalion is withdrawn in February.

The Air Council understand that Mr. Haslam, the officer appointed by the Bombay Government to organize and take charge of the Police, has arrived at Aden, but that practically none of the personnel of the Aden Troop are prepared to re-engage in the police.

They would, therefore, suggest that the Government of India should be asked by telegram to report upon the present position in regard to the recruitment of Police from the Bombay Presidency, and as to the date by which the force of 100 Police will be available at Aden.

A copy of this letter has been sent to the Colonial Office.

I am, &c.,
J. A. WEBSTER.

The Under-Secretary of State,
Military Department,
India Office,
S.W.1.

C. 59297/28 [No. 139].

No. 233.

INDIA OFFICE to COLONIAL OFFICE.

India Office, 11th December, 1928.

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for the Colonies, and begs to transmit to him a copy of a telegram to the Viceroy on the subject of the Aden Police.

Reference to previous correspondence: Letter from the India Office of the 16th November, 1928.*

Copy also sent to Air Ministry and Treasury.

Enclosure in No. 233.

SECRETARY OF STATE FOR INDIA TO VICEROY, DATED 7TH DECEMBER; REPEATED TO GOVERNMENT OF BOMBAY No. 3519, AND TO RESIDENT AT ADEN, No. 3520.

TELEGRAM.

(Paraphrase.)

No. 3518. On understanding that, if accommodation is subsequently used for any portion of Aden Police, final cost of which will not be borne by His Majesty's Government, value of such accommodation will in general financial settlement with Government of India regarding Police Force be taken into account, Imperial Departments concerned agree to bear charge of Rs. 10,000.

Foregoing refers to your telegram No. 2386-S,† dated 14th November. Aden Police.

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* No. 226. † Enclousre in No. 226.

C. 59297/28 [No. 140].

No. 234.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 235.]

India Office, 12th December, 1928.

THE Under-Secretary of State for India presents his compliments to the Under-Secretary for the Colonies and begs to transmit to him a copy of a telegram to the Viceroy on the subject of the Aden Police.

Reference to previous correspondence: Letter from the India Office of the 11th December, 1928.*

Copy also sent to Treasury and Air Ministry.

Enclosure in No. 234.

SECRETARY OF STATE OF INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, DATED 11TH DECEMBER, 1928, REPEATED TO GOVERNMENT OF BOMBAY No. 3570 AND TO RESIDENT AT ADEN No. 3571.

TELEGRAM.

(Paraphrase.)

No. 3569. That temporary Police Force would be available at Aden by 15th December, and that it has been recruited from Bombay with the exception of the four men referred to in Resident's telegram 298 dated 6th November,† have been assumed by me. I shall be glad if how matter stands can be telegraphed to me urgently.

C. 59297/28 [No. 143].

No. 235.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 236.]

SIR, Downing Street, 24th December, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 12th of December,‡ enclosing a copy of a telegram addressed to the Government of India on the 11th of December, in regard to the temporary Police Force which is required for service at Aden.

2. Mr. Amery is anxious that there should be no hitch in the arrangements made for raising and despatching this Force to Aden. Lord Peel will recall that the British Government agreed to bear the cost of the temporary force, solely because immediate action was necessary to enable the British Battalion to be withdrawn from Aden, and Mr. Amery would be glad to learn as early as possible:—(*a*) whether any reply has yet been received from the Government of India to the telegram referred to, and (*b*) what is the actual position regarding the recruitment of the temporary force.

3. I am to add that copies of this letter are being sent to the Treasury and to the Air Ministry.

I am, &c.,
J. E. SHUCKBURGH.

C. 69297/29 [No. 1].

No. 236.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall,

SIR, London, S.W.1, 29th December, 1928.

IN reply to Sir John Shuckburgh's letter dated the 24th December,§ I am directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copy of a telegram from the Viceroy showing the present position in

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* No. 233. † No. 225. ‡ No. 234. § No. 235.

regard to the recruitment of the interim Police Force for Aden. I am to add that His Lordship has telegraphed to the Government of India, requesting them to do their utmost to secure that the full number of 90 men shall be despatched from Karachi on the 8th January, and asking that a report as to the earliest date by which they could sail, should this not be practicable, should be telegraphed. A further communication will be made to you on receipt of a reply.

Copy of this letter is being sent to the Treasury and Air Ministry.

I am, &c.,
L. D. WAKELY.

Enclosure in No. 236.

VICEROY, FOREIGN AND POLITICAL DEPARTMENT, to SECRETARY OF STATE FOR INDIA, DATED 28TH DECEMBER, 1928.

TELEGRAM.

(Paraphase.)

No. 3068-S. IT is hoped by Deputy Inspector-General of Police, Sind, to despatch from Karachi by S.S. " Jehangir " on 8th January 1 officer and 75 men. 15 in addition to 75 are being recruited from Sind, as Resident at Aden is able to recruit 10 men only locally.

Foregoing refers to your telegram dated 24th December, No. 3754. Aden Police.

C. 59297/28 [No. 152].

No. 237.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 245.]

SIR, Downing Street, 3rd January, 1929.

I AM directed by Mr. Secretary Amery to refer to your letter of the 11th of October,* in regard to the future organization of the Aden Police, and in particular to the question of the financial responsibility for the Force proposed.

2. In his telegram of the 28th of September, the Viceroy transmitted a statement by the Bombay Government to the effect that the present situation has arisen from the removal of troops from Aden, and that, if any infantry had been retained there, a Force of the proposed quality and number would not have been required. The Secretary of State is however, satisfied, after consultation with the other interested Departments, that the revised military Forces in Aden will be sufficient to carry out any or all of the services which are properly performed by the military, and that, if any increase of the Police Force on the mainland is required, it is on account of the fact that, owing to the presence in a small place of a numerically large military garrison, no adequate provision has been made for the discharge of functions which in all other Colonies and Dependencies are recognized as proper to police and not to military forces. As you are aware, the Lords Commissioners of the Treasury are prepared to accept Sir Stewart Symes' proposals as a whole, and to contribute a sum of Rs. 75,000 per annum towards the cost of the reorganized Police Force, subject to review after, say, 3 years. This does not mean that considered approval has been given to all the details of the reorganization; on the contrary the establishment proposed would seem *prima facie* to be excessive, and, if the Force were under the Secretary of State's sole control, he would undoubtedly feel obliged to consider the possibility of reducing the numbers, particularly for the detachments in Perim and Kamaran. Assuming, however, that financial liability for the whole Force is apportioned on the basis proposed above, this question really concerns the Government of India alone.

3. If, however, the Government of India should decline to accept the above proposal, there remain two possible alternatives. Either the Government of India must be content to hand over the whole responsibility for the reorganization and future administration of the Police Force to His Majesty's Government, India's financial

* No. 214.

liability being limited henceforth to a fixed annual payment to His Majesty's Government based on the present cost of the Police Force to India; or the Government of India must retain sole responsibility, both financial and administrative, for the Police Force on the mainland, leaving to His Majesty's Government the task of providing at their sole expense a Force of such size as they think necessary to carry out the internal security duties of the Islands, which they would be prepared to do by means of detachments from the Aden Protectorate Levies.

4. In no circumstances would the Secretary of State be prepared to agree to an arrangement such as is proposed by the Government of India and supported by the Secretary of State for India in Council in Mr. Wakely's letter of the 11th October, under which His Majesty's Government would be expected to bear the whole of the extra cost of reorganizing the Police (subject only to a trifling contribution of Rs. 19,000 per annum from Indian funds), without any powers of control. Such a breach of the fundamental principle that financial and administrative responsibility must go together is, in Mr. Amery's opinion, clearly inadmissible.

5. I am to add that copies of this letter are being sent to the Air Ministry and Treasury.

I am, &c.,
A. COOKE.

C. 69297/29 [No. 5].

No. 238.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall,

SIR, London, S.W.1, 8th January, 1929.

IN continuation of previous correspondence relative to the provisions of an interim Armed Indian Police Force at Aden, I am directed by the Secretary of State for India to inform you that the Government of Bombay, who had been asked by him to do their utmost to secure that the full number of 90 Indian policemen should be despatched from Bombay on the 8th January, have now telegraphed that they hope to despatch the 90 men, together with two Junior Inspectors, by the S.S. " Jehangir " on or about that date. They add that the officer who was originally selected as Senior Inspector is at present unable to join, owing to illness, and that he will follow later.

A copy of this letter is being sent to the Treasury and to the Air Ministry.

I am, &c.,
J. C. WALTON.

C. 69297/29 [No. 4].

No. 239.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 246.]

India Office, Whitehall,

SIR, London, S.W.1, 9th January, 1929.

IN continuation of previous correspondence relative to the interim Armed Indian Police Force at Aden, I am directed by the Secretary of State for India in Council to forward, for the information of Mr. Secretary Amery, copy of a telegram dated the 3rd January from the Government of India, and to inquire whether authority may be given to the Government of India to make the advance in question on behalf of His Majesty's Government to the Government of Bombay. It appears probable that some portion of the Rs. 40,000 in question is required in connexion with the passage arrangements from India of the 90 policemen to be found from that country.

I am, &c.,
J. C. WALTON.

Enclosure in No. 239.

VICEROY, FOREIGN AND POLITICAL DEPARTMENT, to SECRETARY OF STATE FOR INDIA, DATED 3RD JANUARY, 1929.

TELEGRAM.

(Paraphrase.)

No. 41-S. SANCTION for placing with Accountant-General, Bombay, of Rs. 40,000 to meet ordinary expenditure during the current year for the armed section has been asked by the Bombay Government. His Majesty's Government will be debitable with the expenditure involved. We request that your approval may be telegraphed.

Foregoing is in continuation of my telegram No. 3068-S, dated 28th December,* Police at Aden.

C. 69297/29 [No. 6].

No. 240.

INDIA OFFICE to COLONIAL OFFICE

[*Answered by No.* 247.]

India Office, Whitehall,
London, S.W.1, 11th January, 1929.

SIR,

IN continuation of previous correspondence relative to the expenditure required for the adaptation of the old Infantry Barracks at Aden to provide accommodation for the temporary Indian Armed Police section, the cost of which is a charge on Imperial revenues, I am directed by the Secretary of State for India to forward, for the information of Mr. Secretary Amery, copy of a telegram from the Government of India, and to inquire whether sanction may be given on behalf of His Majesty's Government to incur the expenditure now referred to.

2. I am to request the favour of a very early reply. As Mr. Amery is already aware, it is anticipated that the 90 armed policemen who are being sent from India will arrive at Aden about the 13th January

3. Copies of this letter are being sent to Treasury and Air Ministry.

I am, &c.,
J. C. WALTON.

Enclosure in No. 240.

VICEROY, FOREIGN AND POLITICAL DEPARTMENT to SECRETARY OF STATE FOR INDIA, DATED 7TH JANUARY.

TELEGRAM.

(Paraphrase.)

No. 84-S. WE request sanction by His Majesty's Government to balance, viz., Rs. 20,242, of amount required for adaptation to special Police requirements of old Infantry Barracks. Report has been received from Resident at Aden and Government of Bombay that estimate amounts not to Rs. 25,000, as previously reported, but to Rs. 30,242. Sanction has already been given to Rs. 10,000.

Foregoing refers to your telegram No. 3518, dated 7th December.† Aden Police.

C. 69297/29 [No. 7].

No 241

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 244.]

Downing Street, 19th January, 1929.

SIR,

I AM directed by Mr. Secretary Amery to transmit to you a copy of a letter‡ from the India Office in regard to the provision of an interim Armed Indian Police Force at Aden together with a copy of a telegram from the Government of India

* Enclosure in No. 236 † Enclosure in No 233. ‡ No. 240.

inquiring whether authority may be given for an advance of Rs. 40,000 to meet ordinary expenditure up to the 31st of March next on this Force.

2. Sir Stewart Symes estimated that the cost of this temporary Force would amount to Rs. 77,000 a year, and, having regard to the period to be covered, the advance for which the Government of India seek authority is much in excess of this estimate. Mr. Amery assumes, however, that, in his estimate, Sir S. Symes referred to recurrent expenditure and did not include therein non-recurrent expenditure such as *e.g.*, the cost of original passages and of equipment and contingent expenses. I am to point out that passages and equipment alone for 90 men would amount to some Rs. 20,000 and, as the pay and allowances of the men would be issued by the Government of Bombay on repayment, it would not, in Mr. Amery's opinion, be unreasonable to authorize the Government of India to make an advance of Rs. 40,000 to the Government of Bombay on behalf of His Majesty's Government.

3. Mr. Amery would be glad to learn as early as possible whether Their Lordships concur that the advance of Rs. 40,000, expenditure up to which amount he anticipates can be met from the Colonial and Middle Eastern Services Vote as a whole, may be authorized.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 8].

No. 242.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 243.]

Downing Street, 19th January, 1929.

SIR,

I AM directed by Mr. Secretary Amery to refer to India Office letter to the Colonial Office of the 11th of January,* in regard to the expenditure required for the adaptation of the old Infantry Barracks at Aden to provide accommodation for the temporary Indian Armed Police section, a copy of which it is understood has been forwarded direct to you.

2. In Sir R. Hopkins' letter No. S. 31885/03/2 of the 6th of December,† authority was given for the expenditure of Rs. 10,000 on the necessary alterations in the Barracks on the understanding that, if the accommodation were used subsequently for any portion of the Aden Police Force, the cost of which will not finally rest on His Majesty's Government, the value of such accommodation as is provided will be taken into account in the final settlement which has to be arrived at with the Government of India with regard to the Force as a whole.

3. It was then contemplated that the total cost of the adaptation of the Barracks for the purpose would amount to Rs. 25,000 but it now appears that the cost was under-estimated.

4. Mr Amery proposes to ask the Secretary of State for India to obtain further details showing how the revised total estimate is made up and what proportion thereof will be spent before the 31st March next. In view, however, of the urgency of the matter, he would be glad to know as early as possible whether Their Lordships would be prepared to sanction the revised estimate, if the details show that it is reasonable, subject to the stipulation made in Treasury letter under reference.

5. I am to add that a copy of this letter is being sent to the Air Ministry, and to the India Office.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 13].

No. 243.

TREASURY to COLONIAL OFFICE

[*Answered by No.* 260.]

(S. 31885/03/2.)
Treasury Chambers, 25th January, 1929.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 19th January, 1929,‡ in regard to the expenditure required

* No. 240. † No. 231. ‡ No. 242.

for the adaptation of the old Infantry Barracks at Aden to provide accommodation for the temporary Indian Armed Police section.

In reply I am to request you to inform Mr. Secretary Amery that My Lords sanction the proposal to authorize the Resident to proceed with the work at an estimated cost of Rs. 30,242 subject to the stipulation as to final incidence of cost contained in Treasury letter 6th December, 1928,* and on the understanding that full details will be submitted at a later date.

I am, &c.,
R. V. NIND HOPKINS.

C. 69297/29 [No. 14].

No. 244.

TREASURY to COLONIAL OFFICE.

(S. 31885/03/2.)

Treasury Chambers, 25th January, 1929.

SIR,

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 19th January, 1929† relative to the expenditure upon the temporary Armed Police Force at Aden for the period up to the 31st March, 1929.

In reply I am to request you to inform Mr. Secretary Amery that My Lords sanction an advance of Rs. 40,000 to the Government of India subject to adjustment when the exact expenditure is known. My Lords note that expenditure up to the amount of the advance could be met from savings on the Vote for Colonial and Middle Eastern Services, 1928.

I am, &c.,
R. V. NIND HOPKINS.

C. 69297/29 [No. 22].

No. 245.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 254.]

India Office, Whitehall,
London, S.W.1, 14th February, 1929.

SIR,

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of Colonial Office letter of the 3rd January,‡ relative to the future organization of the Aden Police, and in particular to the question of financial responsibility for the force proposed.

2. The Secretary of State has given his careful attention to the letter under reply. He regrets, however, that he sees no reason to modify the attitude taken by his predecessor in the light of the considered recommendations of the Indian Governments concerned, and set out in Mr. Wakely's letter of the 11th October.§ Lord Peel is entirely satisfied, on the evidence available to him, that the existing civil Police Force at Aden, if reorganized, as proposed by the Government of Bombay, would have been been adequate to discharge all the responsibilities which properly fall upon a civil police force and that such a force cannot properly be expected to deal, *e.g.*, with raids on the Settlement by robbers from the surrounding country (compare paragraph 3 of Mrs. Gerrard's letter of the 6th July, 1928‖) or to provide for disturbances of a very serious nature in a station so isolated as Aden. He cannot accept the suggestion that the functions now to be performed by the Armed Police Force are such as are proper to an ordinary civil police force, or that they are not semi-military in character.

3. Lord Peel has also given careful consideration to the alternatives suggested in paragraph 3 of the Colonial Office letter under reply. As regards the first of those alternatives, he directs me to say that it would be impossible for him consistently with the discharge of his constitutional responsibilities to abandon control of the machinery for enforcing law and order so long as Aden remains a part of British India, though he would be disposed, subject to the concurrence of the Indian Governments, to agree that, provided India retains control of the properly civil branch of the police, the whole

* No. 231. † No. 241. ‡ No. 237. § No. 214 ‖ Sub-Enclosure 1 in No 203.

responsibility for the armed branch might be taken over by your Department, if some satisfactory method could be found of separating the two branches and dividing the control. So far as the properly civil side of the force is concerned I am to invite a reference to the statement made by the Chairman of the Standing Aden Committee in the Meeting held on the 18th May,* that he knew of no case in which a colony does not administer its police force. The constitutional objection apart, it would be politically quite impossible either for the Secretary of State for India or for the Indian Governments concerned to adopt the proposal in your letter in the comprehensive form in which it is put. The Secretary of State feels that Mr Amery will agree that the position of a Government spokesman questioned in the Bombay Legislative Council or the Indian Legislative Assembly as to the conduct or efficiency of the Aden Police would be impossible if he had to reply that, despite the legal and constitutional objections to such action, control of that body had been handed over, although Aden remained in British India, to His Majesty's Government.

4. As regards the second alternative, I am to observe that, in the view of the Indian Governments concerned and of the Secretary of State in Council, the responsibilities falling to be discharged by the Armed Police Force are responsibilities properly covered by the Indian contribution to the military and political expenditure at Aden. It would be quite impossible and entirely unjustifiable to invite the Government of India to pay a second time for the same service. The Secretary of State would not feel justified in doing so, nor, apart from this, is it probable (as may be seen from the Viceroy's telegrams† forwarded under Mr. Wakely's letter) that the necessary supply would be voted by the Bombay Legislative Council. On the other hand, Lord Peel would be perfectly prepared to invite the Government of India to state whether they would be ready to take over sole responsibility for the whole force on the following terms:—The Government of India to be responsible for the payment of the armed section on behalf of His Majesty's Government and their contribution to Imperial revenues towards political and military expenditure at Aden to be correspondingly reduced. (The cost of the armed force is apparenty some Rs. 1,93,000 a year, towards which the Lord Commissioners of the Treasury are at present prepared to contribute Rs 75,000.) If Mr. Secretary Amery favours this course, Lord Peel will be glad to be informed at a very early date, in view of the importance of reaching a decision regarding the introduction of the new police arrangements.

5. In this connexion I am to point out that, while the contribution which the Indian Governments concerned are willing to make to the cost of the Police Force as a whole represents the cost to them of providing an efficient and reorganized civil Police Force at Aden of a strength of 344 constables (compare paragraph 4 of Mr. Gerrard's letter of the 6th July, 1928), the strength in constables of the civil element of the combined force under Mr. Gerrard's proposals would in fact amount only to 292. The difference between the cost of that number of constables and the 344 represents a not inconsiderable additional contribution on the part of India towards the establishment of an armed force, which His Majesty's Government could properly be called upon to provide at their sole cost under the terms of the Cabinet decision of December, 1926.

6. Lord Peel trusts that, in the light of the considerations set out above, Mr. Amery may be prepared to reconsider his conclusion. If, however, he feels it impossible to do so, His Lordship assumes that he will take steps to bring the matter before His Majesty's Government with a view to an early decision.

7. Copies of this letter are being sent to the Air Ministry, Treasury, the Government of India, and the Government of Bombay.

I am, &c.,
J. C. WALTON

C. 69297/29 [No. 16].

No. 246.

COLONIAL OFFICE to INDIA OFFICE.

Downing Street, 15th February, 1929.

SIR,

WITH reference to your letter of the 9th of January,‡ in regard to the expenditure upon the temporary Armed Police Force, Aden, for the period up to 31st of March, 1929, I am directed by Mr. Secretary Amery to request you to inform Lord

* No. 8. † Enclosures in No 211. ‡ No. 239.

Peel that, with the concurrence of the Lords Commissioners of the Treasury, he sanctions an advance of Rs. 40,000 by the Government of India on behalf of His Majesty's Government to the Government of Bombay. The advance will be subject to adjustment when the exact expenditure is known.

2. A copy of this letter is being sent to the Treasury.

I am, &c.,
A. J. DAWE.

C. 69297/29 [No. 17].

No. 247.

COLONIAL OFFICE to INDIA OFFICE.

Downing Street, 15th February, 1929.

SIR,

WITH reference to your letter of the 11th of January,* in regard to the expenditure required for the adaptation of the old Infantry Barracks at Aden to provide accommodation for the temporary Indian Armed Police section, I am directed by Mr. Secretary Amery to request you to inform Lord Peel that, after consultation with the Lords Commissioners of the Treasury, he agrees that the Resident may be authorized to proceed with the work at an estimated cost of Rs. 30,242. This sanction is, however, subject to the stipulation that if the accommodation is used subsequently for any portion of the Aden Police Force, the cost of which will not finally rest on His Majesty's Government, the value of such accommodation as is provided will be taken into account in the financial settlement which has to be arrived at with the Government of India in regard to the Force as a whole. It is also given on the understanding that full details of the estimate will be forwarded as early as possible.

2. I am to add that a copy of this letter is being sent to the Treasury.

I am, &c.,
A. J. DAWE.

C. 69297/29 [No. 27].

No. 248.

INDIA OFFICE to COLONIAL OFFICE.

India Office, 26th February, 1929.

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for the Colonies and begs to transmit to him copy of a telegram to the Government of India on the subject of the Aden Police.

Reference to previous correspondence: Letters to the India Office of the 15th February, 1929.†

Copy also sent to Treasury.

Enclosure in No. 248.

SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, DATED 18TH FEBRUARY, 1929, REPEATED TO GOVERNMENT OF BOMBAY, No. 600, AND TO RESIDENT, ADEN, No. 601.

TELEGRAM.

(Paraphrase.)

No. 600. AGREEMENT has been given by Imperial Departments, (*a*) subject to adjustment when exact expenditure is known, to advance to Government of Bombay of Rs. 40,000. (*b*) Subject to submission of full details of estimate at earliest possible date, for which please arrange without delay, and on understanding set out in my telegram of 7th December, No. 3518,‡ to grant of authority to Resident to proceed, at estimated cost of Rs. 30,242 in all, with adaptation of Barracks.

Foregoing refers to your telegrams on Aden Police Nos. 41-S§ of 3rd January, and 84-S‖ of the 7th January.

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* No. 240. † Nos. 246 and 247. ‡ Enclosure in No. 233. § Enclosure in No. 239. ‖ Enclosure in No. 240.

C. 69297/29 [No. 29].

No. 249.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR,

Air Ministry, London, W.C.2, 2nd March, 1929.

I AM commanded by the Air Council to refer to India Office letter of the 14th February,* a copy of which has been sent to this Department, relative to the future organization of the Aden Police, and the question of financial responsibility for the force proposed.

The question of financial responsibility is, of course, a matter in which the Council are not directly concerned, but they cannot allow to pass without comment the contention that the functions now to be performed by the Armed Police are such as are not proper to an ordinary civil police force or that they are semi-military in character.

The inference that the Armed Police on the mainland are required owing to the withdrawal of the Battalions is one which the Council must emphatically repudiate.

As Mr. Amery is aware the Council are satisfied that the intrinsic capacity of the military forces now at Aden to aid the civil power in the event of internal disorder getting beyond the point at which it should be repressed by police action alone, has been in no way diminished by the reduction in the size of the military garrison.

The Council have urged the desirability of remedying the inefficiency of the existing Police Force solely in order to lessen the probability of it being necessary to call for military assistance in dealing with situations which are more appropriate to police action.

They have never contemplated and do not in any way desire that the Police of the Aden Settlement should undertake any other duty than that of the maintenance of internal security save in the case of the islands of Perim and Kamaran, where they recognize that to some extent Armed Police will take the place of a military detachment.

The Council find it difficult to understand why a distinction is drawn between what is described in the third paragraph of the India Office letter as "the properly civil branch of the police" and "the armed branch." They believe that the Police Forces of all other overseas dependencies of comparable conditions include Armed Police and understand that even in Bombay the Police are armed.

Mr. Amery will recollect that the Council have already stated that Mr. Gerrard's proposals are in part at least based on military assumptions which they do not accept, *e.g.*, his references to the "absence of military support in the event of internal disturbances and the possibility of the new force having to deal with raids on the Settlement by robbers from the surrounding country" and to the "limited military assistance available." Except when it impinged on military questions the Council have not felt called upon to comment upon Mr. Gerrard's report which they have regarded, and still regard, as a matter for the consideration of the civil administration.

A copy of this letter has been sent to the India Office.

I am, &c.,
J. A. WEBSTER.

C. 69297/29 [No. 48].

No. 250.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR,

Air Ministry, London, W.C.2, 13th April, 1929.

I AM commanded by the Air Council to forward, for the information of the Secretary of State for the Colonies, the enclosed copy of a letter which has been received from the Officer Commanding, British Forces in Aden, in which he proposes the retention of two additional platoons of Aden Levies for at least a further period of one year from July, 1929.

The Air Council concur in these proposals and trust that they will be accepted by Mr. Secretary Amery. As he will be aware, it is now probable that the garrison at Kamaran will be permanently provided from the Levy Force and not from the Armed

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* No. 245.

Police, in which case the retention of at least five platoons will be required as the normal establishment of the Protectorate Levies. The Council are disposed to consider that a solution to the present difficulties in connexion with the responsibility for the Armed Police at Aden will be facilitated by the retention of an additional platoon on the mainland.

Group Captain Mitchell's proposals are, it will be appreciated, framed on the assumption that the Armed Police will ultimately be raised to the full strength contemplated by the Gerrard Report. But it may be found preferable permanently to maintain the levies at a higher figure than has been so far proposed in consideration of a smaller number of Armed Police. For the present, however, it is not proposed that the term of engagement of the two additional platoons should be extended beyond July, 1930.

The annual cost for pay and maintenance of two platoons additional to an establishment of four platoons will be about £3,000.

I am, &c.,
J. A. WEBSTER.

Enclosure in No. 250.

(Secret.)

SIR, Headquarters, British Forces in Aden, 13th March, 1929.

Aden Protectorate Levies.

I HAVE the honour to bring forward certain points which will arise in the near future in connexion with the strength of the Aden Protectorate Levies.

As originally raised in April, 1928, it was intended that the Levies should consist of four platoons, *i.e.*, three infantry platoons, and one camel troop, the period of service being four years.

When it became obvious that the question of the formation of the Armed Police Force would be delayed for a long period, the raising of two additional platoons as garrisons for the islands of Perim and Kamaran was sanctioned, the period of service being one year. This period ends in July, 1929, when the two extra platoons are due to be disbanded As regards Perim, the Indian section of the Armed Police, numbering 100 men, has arrived in Aden, and it is proposed to relieve the Levy platoon at Perim by a detachment of Armed Police as soon as certain questions in connexion with the Civil Administration of the island are settled. The Civil Authorities have the matter in hand, and I expect that the Levy platoon will be relieved by Armed Police early in April. When the relief is completed the Levies will be distributed as follows:—

Aden—4 platoons of 4-year period of service, and
1 platoon of 1-year period of service.
(Due to disband July, 1929.)
Kamaran—1 platoon of 1-year period of service.
(Due to disband July, 1929.)

As regards Kamaran, it will not be possible to relieve this platoon by Armed Police until the Armed Police Force is raised to the full strength proposed, viz., 250. It is proposed that the additional 150 men should be obtained from local elements, but I understand that the whole scheme is still under discussion. It appears certain, therefore, that the relief of the Levy platoon in Kamaran by Armed Police cannot take place in July, 1929, and having regard to the enrolment and training of local elements the Resident considers that it will not be possible for the Armed Police to take over the garrison duties at Kamaran for at least a year and possibly longer. In my opinion it will be necessary to retain the services of an additional platoon for Kamaran for at least one year from July, 1929.

If the facts as above are accepted, it is necessary to examine the position after the one-year platoon now at Perim is disbanded in July, 1929.

The distribution will then be—

Aden	...	...	4 platoons.
Kamaran	...	...	1 platoon.

The question of leave during the hot weather and the necessary guard duties will affect the position considerably. The native personnel are entitled to 60 days' leave per annum, and will undoubtedly be very discontented if they do not get it. This will entail one platoon at a time being on leave during the hot weather period, thus reducing the strength in Aden to 3 platoons. The guard duties in Aden, including the squadron

guard, the Levy quarter guard, and allowing for a percentage of sickness, absorb practically a whole platoon, although all guards are kept down to the minimum. It will be seen, therefore, that the actual strength available in Aden in case of need will only be two platoons, and further, that this reduction in strength will affect training. Also, as I have shown, the Armed Police Force will not be an efficient force at full strength by July, 1929, and I consider that the ground forces available in Aden will have been reduced to the absolute limit compatible with safety, if not below the limit.

I would strongly urge, therefore, that the question of retaining *both* the additional platoons for one year as from July, 1929, should be considered. In my opinion, the retention of these two platoons is necessary until both the garrisons at Perim and Kamaran can be relieved by Armed Police, and until the latter force has been raised to full strength and is efficient.

I have, &c.,
W. G. S. MITCHELL,
Commanding British Forces in Aden.
Group Captain,

The Secretary,
Air Ministry,
Adastral House,
Kingsway, W.C.2.

C. 69297/29 [No. 56].

No. 251.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 252.]

SIR, Downing Street, 7th May, 1929.

WITH reference to the letter from this Department of the 8th of March,* and previous correspondence on the subject of the Aden Police, I am directed by Mr. Secretary Amery to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of correspondence† with the Air Ministry regarding the proposed retention of two additional platoons of Aden Levies up to July, 1930.

2. It will be observed that Mr. Amery has expressed his concurrence in the proposals made by the Air Ministry and he will be glad to receive Their Lordships' sanction to the expenditure involved amounting, it is estimated, to approximately £1,750 in the current financial year which he anticipates can be met from the existing provision under the Aden Sub-head of the Colonial and Middle Eastern Services Vote for 1929 as explained in paragraphs 2 and 3 of the letter from this Department to the Air Ministry of the 6th of May.‡

3. It is understood that the Air Ministry are anxious to communicate a decision on this matter to the Officer Commanding the British Forces at Aden as soon as possible, and I am therefore to request that a very early reply may be sent to this letter.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 67].

No. 252.

TREASURY to COLONIAL OFFICE.

(S/31885/05.)

SIR, Treasury Chambers, 21st May, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 7th instant,§ enclosing copies of correspondence with the Air Ministry regarding the proposed retention of two additional platoons of Aden Levies for a further period of one year from July, 1929.

In reply I am to request you to inform Mr. Secretary Amery that My Lords sanction the expenditure involved in the proposal which They note will amount to approxi-

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* C. 69297/29 [No. 25]: not printed. † No. 250 and No. 74 in Middle East No. 29.
‡ No. 74 in Middle East No. 29. § No. 251.

mately £1,750 for the current financial year, and which can be met from the existing provision under the Aden Sub-head of the Colonial and Middle Eastern Services Vote.

A copy of this letter has been sent to the Air Ministry.

I am, &c.,
F. W. LEITH-ROSS.

C. 69297/29 [No. 70].

No. 253.

THE SECRETARY OF STATE to THE RESIDENT.

(Secret.)

Downing Street, 28th May, 1929.

SIR,

WITH reference to my Secret despatch of the 25th of April,* regarding the reorganization of the Aden Police Force, I have the honour to inform you that with the concurrence of the Lords Commissioners of His Majesty's Treasury, the proposal made by the Officer Commanding the British Forces at Aden that two additional platoons of Levies should be retained for a further period of one year from July, 1929, has been approved.

2. It is anticipated that the additional expenditure thus involved can be met from the provision made under the Aden Sub-head of the Colonial and Middle Eastern Services Vote.

3. This arrangement will provide the necessary Forces for the policing of Kamaran.

I have, &c.,
L. S. AMERY.

C. 69297/29 [No. 81].

No 254.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 269.]

Downing Street, 15th June, 1929.

SIR,

I AM directed by Mr. Secretary Webb to request you to inform the Secretary of State for India that he has had under consideration Mr. Walton's letter of the 14th of February,† regarding the financial arrangements for the Police Force at Aden. This question was also considered at a Meeting of the Standing Committee held at the Colonial Office on the 29th of May, 1929,‡ at which the India Office representative was present.

2. I am to transmit to you the accompanying copy of a memorandum§ circulated at the Meeting. As a result of the discussion which took place on this memorandum I am to submit the following proposal with a view to arriving at a definite settlement of this question.

(*a*) His Majesty's Government are willing to contribute a sum of £5,000 per annum towards the cost of the reorganised Police Force and, in addition, to bear the capital cost of the accommodation which is being provided for the Armed Police and which is estimated at Rs. 55,000. It is assumed that, in the event of this accommodation being employed for purposes other than those of the Military Police, the Government of India will be prepared to recognise the claim of His Majesty's Government to a reversionary interest therein.

(*b*) His Majesty's Government are further prepared to provide for one year at least two additional platoons of Aden Protectorate Levies at an estimated cost of £3,000 per annum, which, being military expenditure will be included in the military budget. These additional Levies will provide, *inter alia*, the necessary Forces for the policing of Kamaran.

(*c*) In deference to the views expressed by the India Office representative at the Meeting of the Aden Committee His Majesty's Government are prepared to agree that the proposed contribution of £5,000 referred to above, should be regarded as falling outside the scope of the agreement arrived at with regard to the future apportionment of military expenditure between His Majesty's Government and the Government of India.

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* C. 69297/29 [No. 46] : not printed. † No. 245. ‡ No. 12. § Not printed.

(*d*) These proposals are made on the understanding that the Police Force as a whole shall be under the control of a British Police Officer of adequate status, and that a force of not less than 30 efficient armed police shall be maintained at Perim with the necessary reliefs on the mainland.

3. Mr. Webb trusts that Captain Wedgwood Benn will share his anxiety that a settlement should if possible be reached on the above basis, and will see his way to recommend these proposals to the Government of India for their favourable consideration.

4. In the event of their being accepted, it is proposed that the recruitment of the new force to replace the temporary force of 100 armed police recruited from India should be proceeded with as rapidly as possible, and that the Resident should be instructed to submit proposals for the training of the men and for the gradual disbandment of the existing force in order to prevent overlapping as far as possible.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 82].

No. 255.

CHIEF SECRETARY to THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, to THE FOREIGN SECRETARY to THE GOVERNMENT OF INDIA.

(Copy received in Colonial Office, 21st June, 1929.)

(No. 6091-C.) Bombay Castle, 29th April, 1929.

Subject :—Additional recruits to serve as a reserve for the temporary armed section of the Aden Police.

I AM directed by the Governor in Council to forward for the information of the Government of India a copy of a letter from the Resident and Commander-in-Chief, Aden, No. C.-155, dated the 2nd March, 1929, and of its accompaniment, in which he has pointed out the necessity for providing an adequate reserve for the temporary armed section of the Aden Police and has applied for sanction to the recruitment by the District Superintendent of Police at Aden of fifteen additional men for the purpose. Copies of the telegraphic correspondence, noted in the margin, to which this proposal gave rise are also enclosed.

Telegram to the Resident and Commander-in-Chief, Aden, No. 6091-C., dated the 16th March, 1929.
Telegram from Do., No. C. 197, dated 19th March, 1929.
Telegram to Do., No. 6091-C., dated 26th March, 1929.
Telegram from Do., No. C.-200, dated 21st March, 1929.
Telegram to Do., No. 6091-C., dated 1st April, 1929.
Telegram from Do., No. C.-264, dated 11th April, 1929.

2. When the proposal for the engagement of 100 men, partly locally and partly by recruitment in India, was first made in paragraph 5 of the letter from the Resident and Commander-in-Chief, Aden, dated the 4th August, 1928, no question of leave reserve was raised but the correspondence now forwarded shows that for the reasons stated a reserve is necessary, and the strength proposed, viz., fifteen men, is in accordance with the proportion of fifteen per cent. of the total strength, whether armed or unarmed, proposed in paragraph 4 of Mr. Gerrard's report, dated 6th July, 1928, dealing with the question of the reorganization of the Aden Police.

3. As will be seen from the correspondence enclosed the Resident and Commander-in-Chief estimates the annual extra cost on account of the fifteen additional men proposed to be recruited in India at Rs. 14,034 including cost of passage, clothing, rifles, and accessories. The Resident also proposes to maintain the reserve for the whole period of reorganisation which he anticipates will exceed the period of two years for which the temporary Armed Section of 100 men has been entertained in the first instance.

4. I am to forward the Resident's request for favourable consideration and to request that the Home Government having accepted responsibility for the Indian Armed Section (*vide* Secretary of State's telegram No. 2904, dated the 12th October, 1928) they may be moved to sanction the proposal and also to approve of the action of the Government of Bombay according provisional authority to the District Superintendent of Police, Aden, to recruit men from India to fill vacancies in the force.

Enclosure in No. 255.

(No. C.-155.)

From Sir Stewart Symes, K.B.E., C.M.G., D.S.O., Resident and Commander-in-Chief, Aden.

To the Chief Secretary to Government, Political Department, Bombay.

SIR, The Residency, Aden, 2nd March, 1929.

Reorganisation of the Aden Police.

I HAVE the honour to refer to the telegram from the Government of India in the Foreign Department No. 2079-S., dated 14th October, 1928, in which authority was given for the recruitment in India of 100 armed police for Aden.

2. Ninety men recruited in Karachi arrived here on the 18th January last, and 10 men of the late Aden Troop have been engaged locally, making a total of 100.

3. I enclose a copy of a letter from the District Superintendent of Police at Aden, from which it will be seen that since the arrival of this armed section, one man has been dismissed and repatriated and that the daily average of sick is six. It is necessary, as the District Superintendent of Police points out, that the men taken from the Aden Troop who have had no leave for over 3 years should be granted the leave to which they are entitled.

4. I am not aware how long it will take for the whole scheme for the organisation of the Aden Armed Police to be sanctioned and brought into force. Meanwhile I consider that an armed force of 100 effectives is necessary and that an adequate reserve for this purpose is required. I accordingly request that telegraphic sanction be accorded to the recruitment in India of 15 additional men by the District Superintendent of Police at Aden.

The number recommended is in accordance with Mr. Gerrard's scheme which provides for 15 per cent. reserve.

I have, &c.,
S. SYMES,
Resident, &c.

Copy of letter No. 1891, dated 26th February, 1929, from the District Superintendent of Police, Aden, to the First Assistant Resident, Aden.

Aden Armed Police, Recruitment of--

I HAVE the honour to address you on the subject of the Armed Police (Indian Section) which recently arrived in Aden.

It was composed of 90 recruits from India and 10 men taken on from the disbanded Aden Troop.

I have no doubt in my own mind that when it was decided to recruit 100 men, those with whom the decision lay visualised 100 effectives—*i.e.*, one hundred men ready for duty at any time.

Since the arrival of the section here, one man has been dismissed and repatriated. The average daily number of sick is six. The men taken on from the Aden Troop have not had leave for over three years.

I consider it absolutely essential that I should be empowered to enlist from India men to replace those who are dismissed.

All the men of the Aden Troop must be given the leave to which they are entitled and sick leave must be given to those who are sick. I, therefore, consider it absolutely essential that I should further be empowered to recruit from India 15 men which will cover the usual percentage of 15 per cent. reserve for sick and leave vacancies.

There are several applications from India for service with the Armed Section and I anticipate no difficulty in recruiting the requisite number, which I consider should be maintained for the whole period of reorganisation.

Telegram No. 6091-C.

From Restis, Bombay, to Resident, Aden, dated 16th March, 1929.

Your letter C.-155, 2nd March, Aden Police. Please telegraph extra cost of 15 additional men to be recruited in India as reserve for armed police.

Telegram No. C.-197.

From Resident, Aden, to Restis, Bombay, dated the 19th March, 1929.

Aden Police. In the present circumstances and pending reorganisation I consider it essential to maintain Indian Armed Police established at full strength. Suitable substitutes for constables dismissed or resigned are not obtainable here. May District Superintendent of Police be granted provisional authority to recruit from India by direct arrangemnt with District Superintendent of Police, Karachi, to fill clear vacancies as they occur. Grateful if this authority may be telegraphed.

Telegram (State).

Name—Resident.

Address—Aden.

6091-C. Your telegram No. C.-197. 19th March, Aden Police. Provisional authority granted to District Superintendent of Police to recruit men from India to fill vacancies by direct arrangement.—Restis.

Telegram (State).

From Resident and Commander-in-Chief, Aden, to Chief Secretary to Government, Political Department, Bombay, dated the 21st March, 1929.

Your telegram dated 16th March, 6091. Annual extra cost of 15 additional men will be rupees 14,034 including cost of passage, clothing, rifles, and accessories. Men should be sent with rifles and accessories. Ammunition can be provided here.

Telegram to Resident, dated 1st April, 1929.

Your telegram C. 200, 21st March. Is it necessary to provide leave reserve for men engaged only for two years or rifles and accessories for more than the force of 100 men. Would it not be cheaper to discharge 10 Aden troop men if possible and take on new men rather than send former on leave: has leave been promised them?

Telegram (State), No. C. 264.

From Resident, Aden, to Chief Secretary to Government, Political Department, Bombay, dated the 11th April, 1929.

Your telegram dated 1st April, owing to an unavoidable delay of carrying out general reorganisation scheme I anticipate need to retain Indian Armed Section after expiry of present engagement and consider reserve necessary. Accessories for men in reserve will be useful when reorganisation effected. Aden troopers were promised leave subject to exigencies of service but only exceptional during the first year of contract services. It would not be fair or expedient to discharge them on this account.

C. 69297/29 [No. 96].

No. 256.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 263.]

SIR, Whitehall, London, S.W.1, 18th July, 1929.

IN continuation of previous correspondence relative to the expenditure upon the temporary armed police force at Aden, I am directed by the Secretary of State

for India to forward, for the information of the Secretary of State for the Colonies, a report on the general description of the accommodation proposed for the armed police at Aden, together with a general abstract of the estimates

Mr. Secretary Benn trusts that the information contained in this report will meet the requirements of the Colonial Office, and that the plans and estimates in all their minor details will not be required. He would be glad to be informed at an early date whether this is so, and whether His Majesty's Government accept the estimates in question.

I am, &c.,
J. C. WALTON.

Enclosure in No. 256.

THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA TO HIS MAJESTY'S UNDER-SECRETARY OF STATE FOR INDIA, LONDON.

SIR, Simla, the 27th June, 1929.

Adaptation of former Infantry Barracks at the Crater, Aden, for the accommodation of the Armed Police.

IN continuation of telegram No. 2060-S., dated the 26th June, 1929, from the Foreign and Political Department, I am directed to forward herewith a report on the general description of the accommodation proposed for the armed police at Aden together with a general abstract of the estimates. It is presumed that the plans and estimates in all their minor details are not required.

2. On receipt of the estimates and plans from the Government of Bombay, the Consulting Engineer to the Government of India found it necessary to return them to Bombay for further elucidation. The Government of Bombay, after consulting the newly appointed District Superintendent of Police, Aden, considered it necessary to modify the scheme in certain details and in consequence the resubmission of the plans and estimates to the Government of India was unavoidably delayed.

3. The additions and alterations proposed to the existing old buildings of the Indian Infantry barracks are explained in the general description referred to in paragraph 1 above.

4. The estimated cost of the work as reported in Foreign and Political Department telegram No. 84-S., dated the 7th January, 1929, and sanctioned in telegram No. 599 dated the 18th February, 1929, from His Majesty's Secretary of State for India, was for works outlay only and did not include the levy of establishment and tools and plant charges which were then overlooked by the Government of Bombay. The estimate now amounts to only Rs. 29,535/- (works outlay) and including the percentage charges referred to above it amounts to Rs. 37,805/-. The Consulting Engineer to the Government of India has examined the estimates and plans from the technical point of view and considers the proposals sound and inexpensive and I am now to request that the formal sanction of His Majesty's Government may be obtained to this expenditure and communicated to the Government of India.

I have, &c.,
V. NARAHARI RAO
(for Foreign Secretary to the Government of India).

ACCOMMODATION FOR ADEN ARMED POLICE.

General Description.

IT is necessary to convert the old buildings of the Indian Infantry Barracks, Crater, and to make them suitable for the accommodation of the Aden Armed Police.

This estimate is therefore framed to cover the cost of the above work.

The existing buildings comprise 8 Single-men's Barracks numbered 1 to 8 on site plan, 6 blocks of married quarters lettered A to F on site plan, 5 detached Indian Officers' quarters, and Guard-room, Stores, and Armoury.

The estimate now drawn up is for the adaptation of blocks 5, 6, and 7, and A, B, C, D, E, F, and 2 Indian Officers' quarters to the south of blocks 4 and 5.

The old Single-men's Barracks 5, 6, and 7 contain at present one long room with a cubicle for non-commissioned officers at one or both ends as shown in the plans.

Living, Cooking, and Bathing Accommodation.

It is proposed to sub-divide the long room in each barrack into separate quarters each containing 2 rooms, by the erection of reed and plaster partitions, and by closing in the back verandahs in each block with brick and lime masonry and the provision there of cooking and bathing places. Additional doors and suitable ventilation is also provided in each set of quarters as found necessary.

The existing arrangements in the old Married quarters are as follows:—

Block A. 7 quarters each with 2 rooms and a verandah on one side.

It is proposed to provide an unroofed back yard to each set of quarters on the side remote from the verandah to serve as cooking and bathing accommodation and to provide additional doors leading into the back yard.

Block B. One long room with a cubicle at one end.

It is proposed to sub-divide the long room into 6 separate quarters containing 2 rooms each and to build up the back verandah as cooking and bathing places.

Block C. Consists of 7 rooms.

It is proposed to sub-divide each room into two parts by a cross partition and to raise the interior dividing walls to the ceiling with reed and plaster walling.

The back verandah is to be enclosed for cooking and bathing places.

Blocks D, E, F. Consist each of one long room with a cubicle at the end.

It is proposed to sub-divide the long room into 6 separate quarters with reed and plaster partitions as shown in the drawings. The back verandah is to be built up for cooking and bathing places.

In all the buildings provision has been made for one shelf in the cooking place and one set of pegs in each room.

Latrines. Outside latrine accommodation is provided for by the construction of four new 6-seated latrines built of brick and lime masonry with corrugated iron roofs. These are to be located as shown in the site plan, one between blocks 1 and 8 and one between 4 and 5, and two latrines to the east of blocks A to F.

Drainage. Provision is made for the drainage of sullage and bath water from cooking and bathing places in each set of quarters by the laying of open stone-ware channels to carry off the water to soak-pits as shown in the site plan.

Enclosure Wall. The existing barracks are enclosed by a low compound wall on the south side which ends opposite the east end of block 5.

It is proposed to extend this wall up to the road running north and south near blocks A to F and to provide a wooden gate across the road.

Flag-staff. Provision has also been made in the estimate for the erection of a small flag-staff on a masonry base outside the Guard Room.

Out-door Bathing Places. There are two existing out-door bathing places, one between blocks 5 and 6 and one between block 6 and Cook-house. Allowance has been made for the provision of corrugated iron screens to enclose them and secure privacy.

The distribution of accommodation is as follows:—

Block 5	... ...	18 men
,, 6	... ...	17 ,,
,, 7	... ...	17 ,,
Blocks A to F, each 7 men	...	42 ,,
2 Indian Officers' quarters	...	2 ,,

Total, 94 Constables and Head-Constables and 2 Indian Officers.

D. S. JOHNSTON,
Major, Royal Engineers,
Chairman, Aden Port Trust.

NAME OF LINES. ADEN ARMED POLICE, CRATER.

General Abstract.

1.	Block No. 5	Rs. 4,809
2.	,, ,, 6	,, 4,740
3.	,, ,, 7	,, 4,858
4.	Married quarters block "A"	,, 1,415
5.	,, ,, ,, "B"	,, 1,790
6.	,, ,, ,, "C"	,, 1,578
7.	,, ,, ,, "D"	,, 1,731
8.	,, ,, ,, "E"	,, 1,556
9.	,, ,, ,, "F"	,, 1,642
10.	Latrines for blocks 5, 6, and 7	,, 1,963
11.	,, ,, ,, A to F	,, 1,963
12.	Flag-staff for guard room	,, 100
13.	Extending the existing enclosure wall ...	,, 849
14.	Screens for out-door bathing places ...	,, 262
15.	Indian Officers' quarters	,, 279
		Total Rs.29,535

Signature Illegible,
Assistant Engineer,
Civil Works.

D. S. JOHNSTON,
Chairman,
Aden Port Trust.

C. 69297/29 [No. 132].

No. 257.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by Nos.* 258 *and* 261.]

SIR, Whitehall, London, S.W.1., 15th August, 1929.

WITH reference to previous discussion at the 13th Meeting* of the Aden Committee on the question of the maintenance of a reserve of 15 for the temporary armed police force at Aden, I am directed by the Secretary of State for India to forward copy of telegraphic correspondence with the Government of India, and to request that Lord Passfield will be good enough to intimate in due course the decision which he desires communicated to the Government of India as regards the maintenance of the reserve in question.

A copy of this letter is being sent to the Air Ministry, and the Treasury.

I am, &c.,
J. C. WALTON.

Enclosure 1 in No. 257.

PARAPHRASE TELEGRAM FROM SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, No. 2099, DATED 2ND JULY, 1929; REPEATED TO GOVERNOR OF BOMBAY, No. 2100, AND RESIDENT AT ADEN, No. 2101.

PROVISIONAL authority given to fill casual vacancies is confirmed by Imperial Departments. They ask, however, that warning should be given to Resident that period of contract service of men engaged in replacement should expire at same date as would have that of original recruits. They suggest as regards reserve that Resident may no longer consider this necessary, in view of new arrangements now contemplated (see my telegram of 28th June, No. 2057) and additional levies. On this they would be glad of a further report, but they are definitely averse to sanctioning reserve unless the Resident regards it as quite essential, even in face of the proposed new arrangements.

* No. 13.

Foregoing refers to Government of Bombay's letter to you, No. 6091-C, dated 29th April,* of which copy was received in letter of 23rd May from your Foreign Secretary—temporary armed police, Aden.

Enclosure 2 in No. 257.

PARAPHRASE TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, No. 2463-S, DATED 12TH AUGUST; REPEATED GOVERNOR, BOMBAY, AND RESIDENT, ADEN.

REPORT has now been received from Resident to the following effect:—

(*a*) For two years from the time any settlement is reached of the details of reorganisation of the local police force, Indian armed police will be required at Aden.

(*b*) Of whatever establishment is eventually approved, a reserve of 15 per cent. will be necessary. Resident accordingly presses for additional 15 men previously requested, in view of this, and of the fact that as locally recruited force will in (? early) stages be untrained and untried, an armed force of 100 effectives is (? necessary) . Resident's request is supported by the Government of Bombay.

Government of India agree.

Foregoing refers to your telegram dated 2nd July, No. 2099. Aden Police.

C. 69297/29 [No. 140].

No. 258.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 268.]

SIR, Downing Street, 30th August, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 15th August,† forwarding copies of telegraphic correspondence with the Government of India on the question of the maintenance of a reserve for the temporary armed police force at Aden, and to state that this question was discussed at a meeting of the Aden Committee on the 29th August.‡

2. In the opinion of the Committee, no sufficient ground appears in the correspondence for accepting the proposal of the Resident for the maintenance of a reserve of 15 per cent. Approval has already been given to the replacement of units permanently invalided or dismissed, and since the strength of 100 men was approved, an addition has been made to the force of Levies available. Furthermore, if, as is hoped, the arrangements for the reorganisation of the Aden Police are approved in the near future, steps can immediately be taken for the recruitment of men for the permanent force, and there would then seem to be no justification for establishing a reserve to the temporary force of 100 men, which will gradually be disbanded.

3. In the circumstances, Lord Passfield considers, on the information before him, that the proposal for the maintenance of a reserve should not be approved.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 150].

No. 259.

TREASURY to COLONIAL OFFICE.

[*Answered by No.* 261.]

SIR, Treasury Chambers, 2nd September, 1929.

I AM directed by the Lords Commissioners of His Majesty's Treasury to state that They have received from the India Office copy of a telegram dated the 12th August,

* No. 255. † No. 257. ‡ No. 14.

No. 2463-S,* from the Viceroy, Foreign and Political Department to the Secretary of State for India containing a report from the Resident regarding the Aden Police.

The question of adding a reserve of 15 per cent. to the authorised establishment of armed police was discussed at the 14th Meeting† of the Aden Committee, held on the 29th August; and it is not necessary for Their Lordships to say more on that topic now.

My Lords observe however with concern that in the telegram under reference the Resident advises that "for two years from the time any settlement is reached of the details of reorganisation of the local police force, Indian armed police will be required at Aden."

I am to request you to inform Lord Passfield that, on Their present information, My Lords are by no means prepared to accept this position as inevitable. They have always recognised that there must be some overlap of the old arrangement with the new, while the recruits for the permanent establishment are being trained; but They have understood that such training should not take more than 6 to 9 months; and They think that the period of overlap, assuming that recruiting for the new force can be carried through with reasonable speed, should not exceed twelve months at the outside.

In the meanwhile the delay in reaching a decision with regard to the new establishment is in many respects to be regretted; and My Lords trust that Lord Passfield will move the Secretary of State for India, to whom a copy of this letter is being sent, to bring pressure on the Government of India to signify their concurrence in the proposed arrangements as soon as possible.

I am, &c.,
G. C. UPCOTT.

C 69297/29 [No. 152].

No. 260.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 262.]

SIR, Downing Street, 4th September, 1929.

WITH reference to the letter from this Department of the 1st July,‡ I am directed by Lord Passfield to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a letter§ from the India Office forwarding a report on the general description of the accommodation proposed for the armed police at Aden, together with a general abstract of the estimates.

2. Subject to Their Lordships' approval, Lord Passfield proposes to reply that the estimates in question are accepted without the plans and estimates in all their minor details.

I am, &c.,
F. J. HOWARD.

C. 69297/29 [No. 154].

No. 261.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 10th September, 1929.

WITH reference to Mr. Walton's letter of the 15th of August, 1929,‖ on the question of the maintenance of a reserve of 15 per cent. for the temporary armed police force at Aden, I am directed by Lord Passfield to say that the correspondence forwarded under cover of that letter was considered by the Standing Aden Committee on the 29th of August. The Committee were not prepared to agree, in the light of the evidence at present available, that a reserve of 15 per cent. on the establishment of the armed police at Aden was necessary.

2. In this connection I am to refer to Mr. Upcott's letter of the 2nd September,¶ a copy of which has been sent to your Department, and to say that Lord Passfield

* Enclosure 2 in No. 257. † No. 14. ‡ C. 69297/29 [No. 92]: not printed.
§ No. 256. ‖ No. 257. ¶ No. 259.

is in full agreement with the observations of the Lords Commissioners of the Treasury contained therein and trusts that a decision in regard to the new establishment will be reached at a very early date.

I am, &c.,
F. J. HOWARD.

C. 69297/29 [No. 157].

No. 262.

TREASURY to COLONIAL OFFICE.

SIR, Treasury Chambers, 10th September, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Howard's letter of the 4th September, 1929,* transmitting a copy of a letter from the India Office with a report on the general description of the accommodation proposed for the armed police at Aden, together with a general abstract of the estimates.

In reply I am to request you to inform the Secretary of State for the Colonies that My Lords agree that the estimates in question may be accepted without the submission of plans and further details.

I am, &c.,
G. C. UPCOTT.

C. 69297/29 [No. 158A].

No. 263.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 13th September, 1929.

I AM directed by Lord Passfield to refer to your letter of the 18th of July,† transmitting a report on the general description of the accommodation proposed for the armed police at Aden, together with a general abstract of the estimates.

2. I am to request that you will inform Mr. Secretary Benn that the estimates in question are accepted without the plans and estimates in all their minor details.

3. Copies of this letter are being sent to the Air Ministry and the Treasury.

I am, &c.,
F. J. HOWARD.

C. 69297/29 [No. 162].

No. 264.

PARAPHRASE TELEGRAM FROM SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, No. 2817, DATED 11TH SEPTEMBER. REPEATED TO GOVERNOR OF BOMBAY 2818 AND RESIDENT ADEN 2819.

(Copy received in Colonial Office, 17th September, 1929.)

SUFFICIENT ground for the sanction of a reserve for the temporary force of fifteen per cent. is not seen by the Imperial Departments and papers have been sent to you by the mail of 5th September. It is also understood by the Imperial Departments that a gradual disbandment of the temporary police will begin when the recruitment for the permanent force is begun. In this connection see my telegram No. 2057 of 28th June. A maximum overlap of 12 months is envisaged by them.

Above refers to your telegram of 12th August, No. 2463-S.‡

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* No. 260. † No. 256. ‡ Enclosure 2 in No. 257.

C. 69297/29 [No. 163].

No. 265.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, London, W.C.2, 20th September, 1929.

I AM commanded by the Air Council to say that they have had under notice the present position in regard to the provision of an armed police force at Aden, and to say that they note with some disquiet the delay in the settlement of questions outstanding.

As regards the main question of the numbers and financial responsibility for the mainland police, it appears that no reply (other than the reference contained in the Government of India's telegram of the 26th August, No. 2581-S*) has yet been received to the proposals which were formulated by telegram to the Government of India as far back as the 28th June.

As the Colonial Office will be aware, the provision of an adequately trained and properly armed police force has always been emphasised by the Air Ministry as necessary to the public security at Aden, and it cannot be regarded as satisfactory that no final solution of this problem has yet been reached.

The Air Council are, of course, aware that an interim force of police has been provided from India, and that considerable military aid would be available in the event of disturbances breaking out which were beyond the power of the existing number of police to control. It is, however, clearly undesirable that the military should be used, except in the last resort, for the suppression of internal unrest, and the recent events in Palestine show that the possibility of local disturbances in areas where a mixture of races obtain can never safely be disregarded.

The Air Council would, therefore, be glad if further steps may be taken to elicit a reply from the Government of India concerning the proposals which have been formulated, and they regard it as essential that the final scheme for the provision of armed police at Aden should be adequate to provide for internal security on the mainland and, in addition, to maintain adequate numbers, with reliefs as required, for detachments at Perim and Kamaran, if, as now appears certain, a section of police will be substituted at the latter place for the present platoon of levies.

With regard to the contents of telegram No. 2581-S, it appears to the Air Council that the Government of India can reasonably claim that any contingent provided for Kamaran should bear a reasonable proportion of the overhead costs of the armed police force as a whole, and they trust that a settlement of all questions outstanding will not be delayed by controversy on points of detail on that matter.

I am, &c.,
J. A. WEBSTER.

C. 69297/29 [No. 164].

No. 266.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 269.]

SIR, Downing Street, 25th September, 1929.

WITH reference to the letter from this Department of the 10th of September,† and to previous correspondence regarding the reorganization of the Police Force at Aden, I am directed by Lord Passfield to transmit to you to be laid before the Secretary of State for India the accompanying copy of a letter‡ on this subject which has been received from the Air Ministry.

2. Lord Passfield would be glad if the Government of India could be pressed for an early decision in the matter.

I am, &c.,
F. J. HOWARD.

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* Enclosure 2 in No. 342. † No. 261. ‡ No. 265.

C. 69297/29 [No. 169].

No. 267.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 2.9 p.m., 8th October, 1929.)

TELEGRAM.

(Paraphrase.)

No. 353. 8TH OCTOBER. Addressed to Secretary of State for the Colonies Repeated to Foreign and the Government of Bombay. Reference to telegram of 5th October* (corrupt group), No. 18 from Simla to India Office.

Confidential. A certain risk is involved by quick transition from an Infantry Brigade in garrison to Air Force with Arab Levies and Police both locally recruited while our relations with Yemen are uncertain and political organisation of Protectorate embryonic. The Levies are shaping well and after training the local Police Force, which is mainly composed of Moslem mercenaries under British Officers, should prove reliable. The training of 200 raw recruits in order to supplement existing Police Establishment will be by two successive batches, each for nine months. I consider that during these 18 months (and assuming that adequate military reinforcements for the suppression of serious disorder could not reach Aden in less than 7 days) it will be prudent and necessary to retain Indian Armed Police Section in the interim at full strength.

C. 69297/29 [No. 178].

No. 268.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 282.]

SIR, Whitehall, London, S.W.1, 11th October, 1929.

WITH further reference to Mr. Cowell's letter of the 30th August,† relative to the maintenance of a reserve for the temporary armed police force at Aden, and the period of overlap of the existing interim police arrangements with the new police arrangements now under consideration, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, copy of a telegram dated 5th October from the Government of India.

2. Mr. Benn would be glad to be informed of the reply to be given to the Government of India as regards the maintenance of a reserve for the interim force. It will be observed that the strongly expressed opinion on this point of the Indian authorities is based on the opinion expressed by the Resident.

3. Copies of this letter are being sent to the Air Ministry and Treasury.

I am, &c.,
P. J. PATRICK.

Enclosure in No. 268.

PARAPHRASE TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, No. 3018-S, DATED 5TH OCTOBER; REPEATED TO GOVERNOR OF BOMBAY AND RESIDENT, ADEN.

DISBANDMENT of temporary police force made up of reliable Indians would, in the Resident's opinion, be most ill-advised until the training and recruitment of local recruits can be completed. This will require more than 12 months from commencement of (? recruitment of) new force.

The Resident is strongly supported by the Government of Bombay. They add that in agreeing to the recruitment locally of (? armed) force they did so with reluctance, in consideration of the views and arguments of the present Resident and against the views of previous Residents. A period (? during which) local recruits

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* Enclosure in C. 69297/29 [No. 174] : not printed. † No. 258.

would be supported by other reliable forces until their value and reliability could be tested was, however, contemplated and proposed by the present Resident. From date of commencement of recruitment and training of new force and disbandment of interim Indian force, maximum of overlap will exceed 12 months.

Reserve of 15 men is considered absolutely necessary by the Government of Bombay and the Resident for the interim force, as 100 effectives were always visualised by them.

Government of India agree, and Resident and Government of Bombay are strongly supported by them.

Foregoing refers to your telegram dated 11th September, No. 2817.*

C. 69297/29 [No. 179].

No. 269.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 277.]

SIR, Whitehall, London, S.W.1, 18th October, 1929.

I AM directed by the Secretary of State for India in Council to refer to your letters of 15th June† and 25th September,‡ regarding the financial arrangements for the police force at Aden, and also to your letters of 1st August§ and 13th September,‖ regarding the modification of the previous proposals in respect of Kamaran.

2. Paraphrase is enclosed of an extract of a telegram, dated 28th June, sent to the Government of India, and of a telegram, dated 9th September, which after further correspondence has been received from them in reply.

3. Mr. Secretary Benn is prepared to accept the proposals made in your letters quoted above, on the understandings and conditions stated in the Government of India's telegram. If Lord Passfield is prepared to accept the latter, the question of the Aden police force will be settled on the following lines:—

(*a*) His Majesty's Government will contribute a sum of £8,000 per annum towards the cost of the reorganised police force, this sum being made up of the £5,000 proposed in your letter of 15th June, and of the additional £3,000 in respect of Kamaran accepted in your letter of 13th September. The contribution of £8,000 would be subject to revision as proposed in the Government of India's telegram if local recruitment should prove a failure.

(*b*) One out of the two additional platoons of levies proposed in your letter of 15th June will be provided for service on the mainland. The duties at Kamaran which would have been discharged by the second platoon will be discharged by armed civil police provided by the Government of India.

(*c*) A force of not less than 30 efficient armed police will be maintained by the Government of India at Perim, with the necessary reliefs on the mainland.

(*d*) It was proposed in your letter of 15th June that His Majesty's Government should bear the capital cost of the accommodation which is being provided for the temporary armed police, and which could be taken over by the armed section of the permanent force now to be recruited. This cost was estimated to be Rs. 55,000, but it was subsequently agreed demi-officially¶ that the Government of India's estimate of Rs. 37,805, given in a telegram from the Government of India No. 2060-S, dated 26th June, should be accepted, subject to examination, as the cost of the accommodation apart from equipment, &c.

(*e*) It will be observed that the Government of India now propose that the total cost of the new buildings and equipment required for the permanent force should be shared between His Majesty's Government and India in the same proportion as the recurring expenditure. If this proposal is agreed to, the value of any equipment belonging to the temporary force which may be utilised for the permanent force will be credited to His Majesty's Government.

(*f*) It was also agreed that His Majesty's Government would have a reversionary interest in that part of the accommodation which is already being provided at an estimated cost of Rs. 37,805, in the event of this accommodation ever being employed for purposes other than those of the armed police.

* No. 264. † No. 254. ‡ No. 266. § No. 339. ‖ No. 343. ¶ C. 69297/29 [No. 90]: not printed.

(*g*) The existing temporary force will be gradually disbanded, and payments in respect of it would be reduced *pari passu* with recruitment of the new force.

(*h*) The contribution of £8,000 per annum referred to in (*a*) above will be excluded from the Military Budget, and therefore non-apportionable.

(*i*) The Aden Police will be placed under a European Superintendent, with an Assistant Superintendent.

4. It will be observed that the Government of India also deal in their telegram with the question of the accounting arrangements to be made in regard to the payments of His Majesty's Government's contributions. It appears doubtful whether the procedure recommended by them would in fact achieve their object, but this question is under examination separately, and Mr. Benn does not, at any rate at this stage, wish to ask Lord Passfield to consider it

5. Copies of this letter are being sent to the Air Ministry and Treasury.

I am, &c.,
J. C. WALTON.

Enclosure 1 in No. 269.

EXTRACT FROM PARAPHRASE TELEGRAM FROM SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, DATED 28TH JUNE, 1929. No. 2057; REPEATED TO GOVERNMENT OF BOMBAY, No. 2058.

I SHALL be glad if you will refer to Colonial Office memorandum, of which copies were forwarded under letter No. P. 3589/29 of 23rd May, from Patrick to Bray. Compromise proposed in it is confirmed by Imperial Departments consequent on discussion in Aden Committee, subject to modifications which follow:—

(1) Contribution proposed of £5,000 to be regarded as falling outside Military Budget, and accordingly as non-apportionable.

(2) Claim of His Majesty's Government to a reversionary interest in accommodation for armed police provided from Imperial revenues at cost of Rs. 37,805 (compare your telegram of 26th June, No. 2060-S, revised estimate in which has been accepted, subject to examination, by the Colonial Office), should use for purposes other than those of the military police be made of it, to be recognised by G. of I.

(3) For one year at least two additional platoons of Levies to be provided. Assurance that no likelihood of their reduction is at the moment envisaged by the Imperial Departments, and that any decision to reduce them would be taken only after consultation with the Government of India, has, however, been given.

The compromise in question is on the definite understanding that a British police officer of adequate status shall be in control of the police force as a whole, and that at Perim a force of not less than 30 efficient armed police, with necessary reliefs on mainland, shall be maintained.

Temporary force would be disbanded gradually as new force was recruited. Contribution of portion of the £5,000 during overlap period in respect of the new force *pro rata* to number of recruits obtained and time occupied in their training was agreed to in principle by Treasury representative. *Pari passu* with its disbandment payments for the existing temporary force would be reduced.

Enclosure 2 in No. 269.

PARAPHRASE TELEGRAM FROM THE VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, No. 2708-S, DATED 9TH SEPTEMBER, 1929.

SHOULD there be no hope of any further advance we can only submit. We would, however, urge that in accepting you should do so under protest, and on the understanding that a contribution towards the cost of the force (including Kamaran) of £8,000, subject to revision if local recruitment, on which the present calculations are based, should prove a failure and recruitment in India, with corresponding increase of cost, become necessary should now be made by His Majesty's Government. Agreement on the part of His Majesty's Government to share, in the same properties in which recurring expenditure will be shared, *i.e.*, in proportion of Rs. 107,000 · Rs. 375,000 the cost of equipment and new buildings required for the

permanent force, should also be a condition of acceptance. Twenty-nine per cent. of the cost of new buildings and equipment required should in other words be contributed by His Majesty's Government. The Government of Bombay agree to credit His Majesty's Government on this proportion with the cost of any equipment of the interim force which may be available for the permanent force and of which use may be made for that force. There is no suggestion anywhere of modifying provision made in Gerrard's scheme for Superintendent and Assistant Superintendent.

The following are our views as regards domestic settlement between Bombay and ourselves. We are completely satisfied, apart from every other consideration, that imposition of the charge on Bombay is not practicable. It would not be voted by the Legislative Council, and to require the Governor to certify a charge which he would not himself regard as legitimate would be very hard. In any case there can be no doubt that attempt to impose the charge on Bombay would result in a serious and most undesirable political storm, which would raise anew the whole Aden settlement question. It would, further, conform more closely to our own conception of the whole matter that Central Revenues should bear the charge, if it is to be borne by the revenues of India. That this must be the decision we now agree. There are two alternatives as regards the methods of adjustment. Either, firstly, the charge can be shown as a contribution in aid of expenditure to Aden Police under the head of police, in which case the charge would be votable and the approval of the Standing Finance Committee and the Legislature would be required of it. Until such approval had been obtained, expenditure could not be incurred. Risk of serious political trouble would almost equally be involved in submission to these bodies. The other alternative would be to add the amount to the amount of our contribution towards defence and political expenditure at Aden, £250,000, as at present fixed. Entire amount of contribution of His Majesty's Government with our contribution on this special account, *i.e.*, Aden Police, would then be passed back to Bombay by His Majesty's Government. Such a procedure would square with our conception of the position and, as it would not be necessary to consult Legislature, all difficulties of procedure would be obviated. That revision of figures £250,000 and £150,000 will give rise to adverse comment must, of course, be anticipated by us. As, however, you are aware, owing to discovery that head of political included civil charges (compare correspondence ending with our letter dated 4th July, No. F. 173 (2) N) certain minor details of original settlement are already under revision and cover for further adjustment now suggested will be given by that. Comments can, we believe, be well met by a perfectly frank statement that necessity for minor re-adjustments had been shown by later investigation, but that net result was still that Indian Revenues would secure very considerable relief.

The foregoing refers to your telegram No. 2700 dated 30th August. Aden Police

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C. 69297/29 [No. 180].

No. 270.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

London, W.C.2, 21st October, 1929.

SIR,

I AM commanded by the Air Council to refer to the letter addressed to your Department on the 11th instant* by the India Office in regard to the maintenance of a reserve for the temporary armed police force at Aden. In view (1) of the further representations from the Resident; (2) of the fact that local recruitment of the permanent force, though ultimately, as the Council believe, advantageous, presents new problems of organisation, &c.; (3) of the great reductions which have been effected in the numbers of the military garrison; and (4) of the importance of maintaining a police force of sufficient size to secure confidence in the public security arrangements at Aden, the Air Council are of opinion that the reserve of 15 men should be sanctioned without delay.

Copies of this letter are being sent to the India Office and Treasury.

I am, &c.,
J. A. WEBSTER.

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* No 268.

C. 69297/29 [No. 183].

No. 271.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 9 p.m., 31st October, 1929.)

TELEGRAM

[*Answered by* No. 272.]

(Paraphrase.)

PERSONAL from Shuckburgh. Reference to telegram No. 2817 of 11th September,* from India Office to Viceroy, repeated to you 17th September, No. 2819. We desire to support your application for reserve of 15 per cent. for temporary armed force at Aden but Treasury require following information:—(*a*) date on which the first batch of recruits for permanent force will be fully efficient and proposed numbers; (*b*) similar information regarding second batch; (*c*) the minimum and average effective strength of temporary force during past six months; (*d*) whether leave has been granted or whether it has been necessary to suspend leave in order that effective strength should be maintained; (*e*) whether you anticipate that before reliable force of new recruits is available effective strength will sink lower than in past six months; (*f*) whether you have been satisfied that during past six months temporary force has been adequate and whether you anticipate any change of circumstances which would make similar strength inadequate in immediate future. Please telegraph your views as soon as possible.—PASSFIELD.

C. 69297/29 [No. 184].

No. 272.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 10.58 a.m., 5th November, 1929.)

TELEGRAM.

(Paraphrase.)

No. 358. 5TH NOVEMBER. Personal for Shuckburgh. Your telegram of the 31st October.† The position as regards police reorganization remains the same as that described in my demi-official letter of 9th April‡ (last paragraph). (*a*) The enlistment of local recruits to increase the establishment cannot be begun without financial provision, nor until a British officer and another both of whom can speak Arabic have arrived to train them. The recruitment from available raw material of 100 likely men will take about three months. Nine months more will be necessary for training them. (*b*) The recruitment and training of the second batch will take a further nine months. (*c*) Minimum 85, average 93. (*d*) Leave has been given on medical certificate and in very exceptional circumstances. (*e*) Yes. (*f*) Yes and no.

I wish to emphasize that the larger, reorganized force which I consider necessary for public security at Aden, Perim, and Kamaran will involve a total recurrent cost exceeding that of the effete force formerly maintained here by about £12,300. This amount represents a very small proportion of the economies on Military expenditure at Aden effected by the British and Indian Governments.

C. 69297/29 [No. 188].

No. 273

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 275.]

Downing Street, 8th November 1929.

SIR,

I AM directed by Lord Passfield to invite attention to the letter from the India Office to this Department dated the 18th October,§ of which a copy was communicated to you on the same date. I am to express regret that through some oversight

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* No. 264. † 271. ‡ C. 69297/29 [No. 49]: not printed. § No. 269.

this letter has not received earlier attention. Subject to the concurrence of the Lords of the Treasury, Lord Passfield would propose to reply in terms of the draft letter enclosed, and would be glad to learn at an early date whether Their Lordships concur in the proposed reply.

I am, &c.,
H. R. COWELL.

Enclosure in No. 273.

DRAFT.

THE UNDER-SECRETARY OF STATE,
INDIA OFFICE,

SIR, Downing Street, November, 1929.

I AM directed by Lord Passfield to refer to Mr. Walton's letter of the 18th October, and to express regret that this has not received earlier attention. Lord Passfield notes with appreciation the efforts which the Government of India have made to reach agreement on the questions at issue, and I am to offer the following observations, *seriatim* on the several points mentioned in Mr. Walton's letter under reply.

2. (*a*), (*b*), and (*c*). Lord Passfield concurs with these three conditions.

3. (*d*). Lord Passfield agrees that the Government of India's Estimate of Rs.37,805 should be accepted in lieu of the figure of Rs. 55,000 previously agreed.

4. (*e*) Lord Passfield is prepared to consider favourably the suggestion now put forward, that the total cost of new buildings and equipment required for the permanent force should be shared between His Majesty's Government and the Government of India in the same proportion as the recurrent expenditure. I am, however, to say that he feels unable to reach a final decision, pending the receipt of the fuller information as to the probable cost involved, which has been asked for as a result of the discussions which took place at the 16th Meeting of the Standing Committee held on the 7th instant.

5. (*f*). I am to express agreement.

6. (*g*). I am to invite Mr. Benn's attention to the telegram from the Resident, Aden, to Lord Passfield, No. 353, dated 8th October. (A copy of this was communicated to you on the 10th *idem*). Lord Passfield concurs in the views expressed by the Resident that it will be prudent and necessary to retain the temporary Indian Armed Police Section at full strength, at any rate for 12 months, during the recruitment and training of the permanent force, and a communication on this question will be addressed to you shortly. I am, therefore, to inform you that Lord Passfield agrees that His Majesty's Government should continue to pay for the interim force, until such time as it is disbanded, in addition to contributing towards the cost of the permanent force. In respect of the latter a proportionate part of the agreed sum of £8,000 will be paid *pari passu* with its recruitment: similarly as the temporary force is ultimately disbanded payments in respect of it would be proportionately reduced.

In this connection I am to point out that His Lordship is anxious to proceed with the disbandment of the temporary force as rapidly as possible, and I am to suggest that the views of the Resident, Aden, might be obtained as to the possibility of accelerating the rate of the recruitment of the permanent force on the assumption that provision for additional officers for training, &c., purposes will be made, if necessary.

8. It is noted from a semi-official telegram from the Resident dated the 5th November (No. 358) of which a copy has been transmitted semi-officially that he is awaiting the arrival of a British Arabic-speaking officer and assistant. I am to inform you that Lord Passfield has had under consideration the possibility of finding such officers from the Colonial Service and regrets that there is no prospect of this. I am, therefore, to suggest that the Government of India be strongly urged to arrange for officers from the Indian Services to be sent to Aden for this purpose as soon as possible, and thereafter to proceed with the recruitment of the permanent force with the least possible delay.

9. (*h*) and (*i*). Lord Passfield concurs in these conditions.

10. Lord Passfield notes Mr. Benn's views on the accounting arrangements contained in paragraph 4 of Mr Walton's letter under reply.

I am, &c.,

C. 69297/29 [No. 194].

No. 274.

INDIA OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for India presents his compliments to Under-Secretary, Colonial Office, and begs to transmit to him copy of telegraphic correspondence with the Government of India on the subject of the Aden Police.

India Office,
12th November, 1929.

Reference to previous correspondence: Letter from the India Office of the 18th October, 1929.*

Copy also sent to Air Ministry and Treasury.

Enclosure 1 in No. 274.

The SECRETARY OF STATE FOR INDIA to VICEROY, Foreign and Political Department.

(Sent 9th November, 1929.)

TELEGRAM.

(Paraphrase.)

No. 3485. THE reference in my immediately following telegram is to your telegram about the Aden Police, No. 2706-S, dated 9th September.

Enclosure 2 in No. 274

The SECRETARY OF STATE FOR INDIA to VICEROY, Foreign and Political Department.

(Sent 9th November, 1929.)

TELEGRAM.

(Paraphrase.)

3486. IMPERIAL Departments while prepared to contribute to cost of equipment and buildings if satisfied as to case on merits feel unable to reach definite decision on proposed contribution without fuller information. Please telegraph urgently approximate cost of new buildings contemplated and proportions in which they are required for armed and unarmed sections of police; also whether after disbandment of interim force temporary buildings at present occupied by them and handed over to India under compromise can be utilised.

2. In this connection, what will be position as regards accommodation during overlap period?

3. Imperial Departments inquire what exactly is covered by term "equipment" and in what proportions approximately will new equipment required for permanent force be divided between armed and unarmed sections? I note that Bombay will give credit for equipment of interim force which may be available and utilised for permanent force.

Addressed Viceroy.

Repeated Governor of Bombay No. 3487.
Resident Aden No. 3488.

C. 69297/29 [No. 195].

No. 275.

TREASURY to COLONIAL OFFICE.

(S. 31885/03/4.)

SIR, Treasury Chambers, 15th November, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 8th instant,† referring to the financial arrangements to be made with the Indian Government respecting the allocation of the cost of Aden Police;

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* No. 269. † No. 273.

and in reply I am to request that you will signify to Lord Passfield Their Lordships' concurrence in the terms of the letter which he proposes to address to the India Office, subject to the following modifications:—

(1) Paragraph 6, line 6, after full stop, insert: "Subject to any curtailment of the period of overlap which may result from the suggestion put forward in the next paragraph of this letter."

(2) Paragraph 7, line 4, after "possible" insert: "with a view to reducing the cost of overlap."

(3) *Ibid.* line 7 after "possibility of," insert: "achieving this object by."

(4) Paragraph 8, at end insert: "Lord Passfield will be glad to be informed of the approximate dates by which the Government of India hope to be able to send these officers to Aden, and to commence the recruitment of the first batch of recruits."

I am, &c.,
R. V. NIND HOPKINS.

C. 69297/29 [No. 199].

No. 276.

COLONIAL OFFICE to TREASURY

[*Answered by No.* 279.]

Downing Street, 20th November, 1929.

SIR,

I AM directed by Lord Passfield to refer to the letter from the India Office to this Department of the 11th October,* a copy of which was sent to the Treasury relative to the maintenance of a reserve for the temporary armed police force at Aden and to state, for the information of the Lords Commissioners of His Majesty's Treasury, that this proposal was discussed on the 7th November† at the 16th Meeting of the Aden Standing Committee.

2. In the light of information received in a semi-official telegram dated 5th November,‡ of which a copy has already been forwarded to the Treasury under cover of semi-official correspondence, the Committee were of opinion that sanction should be accorded to this 15 per cent. reserve, limited in the first place to 12 months.

3. I am accordingly to inquire whether Their Lordships are prepared to agree to the recruitment and maintenance of this reserve of 15 men for a period not exceeding one year in the first instance. It is estimated that the annual cost will be of the order of Rs. 14,034, and to add that a sum of £1,096 has been included provisionally under Sub-head F. Aden of the Colonial and Middle Eastern Services Estimate for 1930 to cover this service.

4. A copy of this letter is being sent to the India Office and Air Ministry, and I am to request that Their Lordships may be moved to reply at an early date.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 207].

No. 277.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 278.]

Downing Street, 21st November, 1929.

SIR,

I AM directed by Lord Passfield to refer to Mr. Walton's letter of the 18th October,§ and to express regret that this has not received earlier attention. Lord Passfield notes with appreciation the efforts which the Government of India have made to reach agreement on the questions at issue, and I am to offer the following observations, *seriatim*, on the several points mentioned in Mr. Walton's letter under reply.

2. (*a*), (*b*), and (*c*) Lord Passfield concurs with these three conditions.

3. (*d*) Lord Passfield agrees that the Government of India's estimate of Rs. 37,805 should be accepted in lieu of the figure of Rs. 55,000 previously agreed.

4. (*e*) Lord Passfield is prepared to consider favourably the suggestion now put forward, that the total cost of new buildings and equipment required for the permanent force should be shared between His Majesty's Government and the Government of

* No. 268. † No. 16. ‡ No. 272. § No. 269.

India in the same proportion as the recurrent expenditure. I am however to say that he feels unable to reach a final decision pending the receipt of the fuller information as to the probable cost involved, which has been asked for as a result of the discussions which took place at the 16th Meeting of the Standing Committee held on the 7th instant.*

5. (*f*) I am to express agreement.

6. (*g*) I am to invite Mr. Benn's attention to the telegram from the Resident Aden, to Lord Passfield, No. 353, dated the 8th October.† (A copy of this was communicated to you on the 10th idem.) Subject to any curtailment of the period of overlap which may result from the suggestion put forward in the next paragraph of this letter. Lord Passfield concurs in the views expressed by the Resident that it will be prudent and necessary to retain the temporary Indian Armed Police Section at full strength, at any rate for 12 months, during the recruitment and training of the permanent force, and a communication on this question will be addressed to you shortly. I am, therefore, to inform you that Lord Passfield agrees that His Majesty's Government should continue to pay for the interim force, until such time as it is disbanded, in addition to contributing towards the cost of the permanent force. In respect of the latter a proportionate part of the agreed sum of £8,000 will be paid *pari passu* with its recruitment; similarly as the temporary force is ultimately disbanded payments in respect of it would be proportionately reduced.

7. In this connection I am to point out that His Lordship is anxious to proceed with the disbandment of the temporary force as rapidly as possible with a view to reducing the cost of overlap, and I am to suggest that the views of the Resident, Aden, might be obtained as to the possibility of achieving this object by accelerating the rate of the recruitment of the permanent force on the assumption that provision for additional officers for training, &c., purposes will be made, if necessary.

8. It is noted from a semi-official telegram from the Resident dated the 5th November (No. 358),‡ of which a copy has been transmitted semi-officially that he is awaiting the arrival of a British Arabic-speaking officer and assistant. I am to inform you that Lord Passfield has had under consideration the possibility of finding such officers from the Colonial Service and regrets that there is no prospect of this. I am, therefore, to suggest that the Government of India be strongly urged to arrange for officers from the Indian Services to be sent to Aden for this purpose as soon as possible, and thereafter to proceed with the recruitment of the permanent force with the least possible delay. Lord Passfield will be glad to be informed of the approximate dates by which the Government of India hope to be able to send these officers to Aden, and to commence the recruitment of the first batch of recruits.

9. (*h*) and (*i*) Lord Passfield concurs in these conditions.

10. Lord Passfield notes Mr. Benn's views on the accounting arrangements contained in paragraph 4 of Mr. Walton's letter under reply.

11. A copy of this letter is being sent to the Treasury and Air Ministry.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 212].

No. 278.

INDIA OFFICE to COLONIAL OFFICE.

India Office, Whitehall, London, S.W.1, 28th November, 1929

SIR,

I AM directed to acknowledge receipt of Mr. Cowell's letter of 21st November,§ on the question of the police arrangements at Aden, and to enclose, for the information of Lord Passfield, copy of a telegram which has been addressed to the Government of India and repeated to the Government of Bombay and the Resident at Aden. A further communication will be made to you on receipt of the Government of India's reply.

2. Copies of this letter are being sent to Treasury and Air Ministry.

I am, &c.,
J. C. WALTON.

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* No. 16. † No. 267. ‡ No. 272. § No. 277.

Enclosure in No. 278.

SECRETARY OF STATE FOR INDIA to VICEROY

(Sent 28th November, 1929.)

TELEGRAM.

3714. Foreign and Political Department

Aden Police. Imperial Departments accept settlement of question on lines set out in paragraph 3 of Walton's letter of 18th October, sent by mail 24th October, subject to final decision of incidence of cost of new buildings and equipment which awaits your reply to my telegram 3486 of 9th November,* and to minor modification as regards arrangements under Head (g). Copy of Colonial Office letter to India, Bombay and Aden by air mail of 22nd November.

Imperial Departments are particularly anxious to expedite disbandment of temporary force and recruitment of permanent force as much as possible, and I request that you will ask Resident to telegraph as early as possible his views on proposal on this point in paragraph 7 of Colonial Office letter of 21st November. Additional officers therein referred to would be a charge on Imperial funds

I shall be glad if immediate action can be taken to commence recruitment, &c., of permanent force and trust you will do your utmost to find officers with some knowledge of Arabic for it, particularly as Colonial Office efforts to find qualified men have been unsuccessful. Please telegraph approximate dates by which you hope to be able to send officers to Aden for duty with new force and to commence recruitment of first batch of recruits

Addressed Viceroy. Repeated Bombay No. 3715 and Aden No. 3716.

C. 69297/29 [No. 217].

No. 279.

TREASURY to COLONIAL OFFICE.

(S. 31885/03/4.)

SIR, Treasury Chambers, 21st December, 1929.

In reply to Mr. Cowell's letter of the 20th November, 1929,† I am directed by the Lords Commissioners of His Majesty's Treasury to request you to convey to the Secretary of State for the Colonies Their sanction for the recruitment and maintenance, for a period not exceeding one year in the first instance, of a reserve of fifteen men for the force of temporary armed police at Aden. My Lords note that the annual cost will be of the order of Rs. 14,034 and that a sum of £1,096 has been included provisionally under Sub-Head F., Aden, of the Colonial and Middle Eastern Services Estimates for 1930 to cover this service.

I am, &c.,
R. V. NIND HOPKINS.

C. 69297/29 [No. 219].

No. 280.

PARAPHRASE TELEGRAM FROM SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT, No. 4035, DATED 24TH DECEMBER, 1929; REPEATED, GOVERNOR OF BOMBAY, No. 4036, AND RESIDENT, ADEN, No. 4037.

OFFER has been made by Colonial Office, though they are not hopeful of success, to make further effort to find from their service or retired officers Arab-speaking Assistant Superintendent. Can I assume you are still prepared to offer terms set out in Home Department telegram No. 2104 –S of 17th October, 1928, and in that case, what would term of appointment be and would quarters be provided? Arrangements

* Enclosure 2 in No. 274 † No. 276.

could of course be made to second serving officer. Retired or demobilised officer would presumably be appointed on contract by me. I should be glad to know whether you agree, and request that you will telegraph your reply as soon as possible.

Foregoing refers to paragraph 3 of my telegram No. 3714, dated 28th November* —Aden Police.

C. 69297/29 [No. 220].

No. 281.

PARAPHRASE TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT, TO SECRETARY OF STATE FOR INDIA, No. 3739—S, DATED 29TH DECEMBER, 1929.

SIR STEWART SYMES telegraphs as follows as regards accelerated recruitment :—

Telegram begins :—It will be very difficult and (? ill-advised) to carry out accelerated recruitment as suggested by Colonial Office in paragraph No. 7.† Police officers, in any case, having limited knowledge of Arabs and Arabic language would find it as much as they could do adequately to train 100 raw recruits at a time. With these views Haslam is in agreement.—*Telegram ends.*

As you are aware, all efforts to secure police officers with knowledge of Arabic have hitherto failed. As we are ourselves most anxious to terminate the present state of affairs, inquiries regarding Army officers are now being made by us. On this and other points referred to in your telegram of the 9th November, No. 3486,‡ further communication will follow.

Foregoing refers to your telegram No. 3714, dated 28th November.*

C. 69297/29 [No. 222].

No. 282.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 2nd January, 1930.

I AM directed by Lord Passfield to refer to Mr. Patrick's letter of the 11th October,§ and to subsequent discussions at the 15th‖ and 16th¶ Meetings of the Standing Aden Committee regarding the proposal that a reserve of 15 men should be appointed for the temporary Armed Police Force at Aden, and to request you to inform Mr. Secretary Benn that His Lordship, with the concurrence of the Lords Commissioners of His Majesty's Treasury, agrees that such a reserve force should be recruited and maintained for a period not exceeding one year in the first instance.

2. It is noted that the annual cost will be of the order of Rs. 14,034, and a sum of £1,096 has been included provisionally in the Estimate for Colonial and Middle Eastern Services for 1930 to cover this service.

3. A copy of this letter is being sent to the Treasury and Air Ministry.

I am, &c.,
H. R. COWELL.

(ii) Proposed Appointment of a Clerk for the Armed Police Force.

C. 69297/29 [No. 181].

No. 283.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 286.]

SIR, India Office, Whitehall, London, S.W.1, 22nd October, 1929.

I AM directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, a copy of a letter dated 22nd August, from the Government of India relative to the proposed appointment of a clerk for the

* Enclosure in No. 278. † No. 277. ‡ Enclosure 2 in No. 274. § No. 268. ‖ No. 15. ¶ No. 16.

armed Police Force at Aden. It has been ascertained from the Government of India that the clerk in question would be used solely in connexion with the interim police force, and in these circumstances, in view of the fact that the cost of that force is borne entirely by His Majesty's Government the expenditure involved in the present proposal would be a charge upon Imperial Revenues. The Secretary of State supports the recommendation of the Government of India which, it will be observed, is based on proposals submitted by the Resident at Aden and accepted by the Government of Bombay, and he trusts that in the circumstances Lord Passfield will be prepared to accept it.

2. Copies of this letter are being sent to the Air Ministry and Treasury.

I am, &c.,
J. C. WALTON.

Enclosure in No. 283.

THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA to HIS MAJESTY'S UNDER-SECRETARY OF STATE FOR INDIA, INDIA OFFICE, London.

SIR, Simla, the 22nd August, 1929.

Proposal to entertain a clerk for the Armed Police Force at Aden

I AM directed to forward a copy of a letter from the Government of Bombay, dated the 30th July, 1929 (with enclosures), and to say that the Government of India support the proposal contained therein to entertain a clerk for the armed Police Force at Aden and to start him on Rs.80/- in the grade Rs.60—5—100 *per mensem* provided for in the Gerrard Report. The Government of India consider that as the cost of the *interim force* is met entirely by His Majesty's Government, the cost of the appointment of a clerk required for the force should be similarly borne until the question of organizing the permanent force and the incidence of its cost are settled.

2. I am to request that the Secretary of State for India may kindly be moved to sanction the proposal and that his orders may kindly be communicated by telegram.

I have, &c.,
V. NARAHARI RAO
(for Foreign Secretary to the Government of India).

J. R. MARTIN, ESQUIRE, C.I.E., CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, to THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

SIR, Political Department, Bombay Castle, 30th July, 1929.

Subject.—Proposal to entertain a clerk for the Armed Police Force at Aden.

I AM directed by the Governor in Council to forward a copy of an endorsement by the Resident and Commander-in-Chief, Aden, dated the 4th July, 1929, and of its accompaniment regarding the proposal of the District Superintendent of Police, Aden, to entertain a clerk for the armed Police Force at Aden and to start him at Rs.80/- *per mensem* in the grade of Rs.60—5—100 which is provided in Mr. Gerrard's Report.

2. The Governor in Council supports the proposal and I am to request that the Government of India may be moved to accord sanction to it at an early date.

I have, &c.,
J. R. MARTIN,
Chief Secretary to the Government of Bombay,
Political Department.

THE DISTRICT SUPERINTENDENT OF POLICE, ADEN, to THE FIRST ASSISTANT RESIDENT, ADEN.

SIR, Police Head Office, Aden, 26th June, 1929.

Subject.—Clerical Establishment, Aden Armed Police.

I HAVE the honour to report that since the arrival of the Indian Armed Police Detachment in Aden I have been able to secure the performance of the necessary clerical work by local and not altogether satisfactory arrangement. I feel that the

time has come when a regular clerk should be appointed for the Armed Police Headquarters.

As Mr. Gerrard has provided for the post of a Senior Clerk on Rs.60—5—100 in the Reorganization Scheme I request that Government may kindly be addressed with a view to sanction being accorded to the post as early as possible. If the appointment is sanctioned, as I trust it will be, I propose starting the clerk at Rs.80/- in the scale mentioned, as the man I have in mind for the post is an experienced clerk of 8½ years' service in the lately disbanded Aden Troop.

It is absolutely essential to have an English-knowing efficient clerk in the armed Police Headquarters Office.

I have, &c.,
R. H. HASLAM,
District Superintendent of Police, Aden.

The Residency, Aden, 4th July, 1929.

SUBMITTED to Government in the Political Department, Bombay.

I recommend that the proposals made by the District Superintendent of Police, Aden, may be sanctioned at an early date.

B. R. REILLY,
for Resident, &c.

C. 69297/29 [No. 189].

No. 284.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 285.]

SIR, Downing Street, 8th November, 1929.

I AM directed by Lord Passfield to refer to the letter from the India Office to this Department of the 22nd October,* regarding the proposed appointment of a clerk for the interim police force, and to request you to inform the Lords Commissioners of His Majesty's Treasury that he concurs in this proposal.

2. I am, therefore, to request Their Lordships' sanction for meeting the cost of this appointment from Imperial Revenues.

3. A copy of this letter is being sent to the India Office and Air Ministry.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 196].

No. 285.

TREASURY to COLONIAL OFFICE.

(S. 31885/03/4.)

SIR, Treasury Chambers, 15th November, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 8th November, 1929,† regarding the appointment of a clerk for the armed police force at Aden.

In reply I am to request you to convey to the Secretary of State for the Colonies Their sanction in the circumstances represented for meeting the cost of this appointment from Imperial funds. My Lords request that in communicating this sanction to the India Office that Department may be invited to agree that, should the clerk at some later stage cease to be employed exclusively with the interim force, and be employed with the permanent force, a reduction proportionate to the extent, from time to time, to which he is so employed should be made in the Imperial contribution to his cost.

I am, &c.,
R. V. NIND HOPKINS.

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* No. 283. † No. 284.

C. 69297/29 [No. 197].

No. 286.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 287.]

SIR, Downing Street, 18th November, 1929.

I AM directed by Lord Passfield to refer to Mr. Walton's letter of the 22nd October,* relative to the proposed appointment of a clerk for the interim armed police force at Aden.

2. I am to inform you that Lord Passfield agrees that this appointment should be made; and that the Lords Commissioners of His Majesty's Treasury have signified their approval to meeting the cost of this appointment from Imperial funds. Their Lordships have, however, stipulated that, should the clerk at some later stage cease to be employed exclusively with the interim force and be employed with the permanent force, a reduction proportionate to the extent, from time to time, to which he is so employed should be made in the Imperial contribution to his cost.

3. Lord Passfield would be glad to learn that Mr. Secretary Benn is prepared to agree to this condition.

4. A copy of this letter is being sent to the Treasury and Air Ministry.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 211].

No. 287.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 28th November, 1929.

IN reply to Mr. Cowell's letter of the 18th November,† relative to the proposed appointment of a clerk for the interim armed police force at Aden, I am directed by the Secretary of State for India to inform you that he accepts the condition subject to which the Lords Commissioners of the Treasury have agreed that the cost of this appointment shall be borne by Imperial revenues. The Government of India are being informed accordingly.

A copy of this letter is being sent to the Treasury and to the Air Ministry.

I am, &c.,
J. C. WALTON.

(iii) Perim : Conservancy Arrangements for Armed Police.

C. 69297/29 [No. 177].

No. 288.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by Nos.* 291 and 295.]

THE Under-Secretary of State for India presents his compliments to the Under Secretary of State, and begs to transmit to him copy of correspondence with the Government of India on the subject of the conservancy arrangements for the Armed Police at Perim.

India Office, 11th October, 1929.

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* No. 283. † No. 286.

Enclosure in No. 288.

J. R. MARTIN, ESQUIRE, C.I.E., CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, TO THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

(No. 6091-II-C.) Political Department,
Bombay Castle, 3rd September, 1929.

SIR,

Subject.—Conservancy arrangements for the Armed Police Detachment at Perim.

I AM directed by the Governor in Council to enclose a copy of a letter from the Resident and Commander-in-Chief, Aden, No. A. 350-4996, dated the 9th August, 1929, regarding the conservancy arrangements made by him for the Armed Police Detachment at Perim, and to request that the Resident's action in engaging a sweeper for the Detachment on Rs. 20 *per mensem* from the 1st May, 1929, and the arrangements made by him for the conservancy work to be done for the Armed Police guard at the Perim Light House at a monthly cost of Rs. 5 may be approved. I am also to recommend sanction to the Resident's proposal that a sum of Rs. 30 be allotted annually to meet the cost of disinfectants.

2. I am to add that the expenditure being in connection with the temporary section of the Aden Armed Police will be a charge against the Home Government.

I have, &c.,
J. R. MARTIN,
Chief Secretary to the Government of Bombay,
Political Department.

SIR STEWART SYMES, K.B.E., C.M.G., D.S.O., RESIDENT AND COMMANDER-IN-CHIEF, ADEN, TO THE CHIEF SECRETARY TO GOVERNMENT, POLITICAL DEPARTMENT, BOMBAY.

(No. A.-350/4996.) The Residency,
Aden, 9th August, 1929.

SIR,

Subject:—Conservancy arrangements for Armed Police Detachment at Perim.

I HAVE the honour to state, for the information of Government, that in accordance with the provision made in Mr. Gerrard's provisional scheme a sweeper at Rs. 20 *per mensem* has been engaged with effect from 1st May, 1929, for the Armed Police Detachment housed in the ex-Assistant Resident's bungalow at Perim.

2. A guard consisting of two non-commissioned officers and six constables of the Armed Police has been posted at the Perim Light House, but no provision exist for the employment of a sweeper for this guard. Owing to the distance between the ex-Assistant Resident's bungalow and the Perim Light House, it is not possible for one sweeper to attend to both the places. Arrangements have therefore been made for the conservancy work for this guard to be done by the sweeper attached to the Light House on a monthly payment of Rs. 5. In addition to this charge a sum of Rs. 30 will be required annually to meet the cost of disinfectants for the latrines at the ex-Assistant Resident's bungalow and at the quarters of the guard at the Light House.

3. As these charges are recurring and unavoidable, I request that the necessary sanction may be accorded for their payment.

I have, &c.,
S. SYMES,
Resident, &c.

C. 69297/29 [No. 198].

No. 289.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 290.]

SIR, Downing Street, 20th November, 1929.

I AM directed by Lord Passfield to transmit to you, to be laid before the Lords Commissioners of His Majesty's Treasury, the accompanying copy of correspondence* on the subject of conservancy arrangements for Perim.

2. I am to say that the questions of (*a*) engaging a sweeper for the armed police detachment at Perim at Rs. 20 per mensem, and (*b*) providing a sum of Rs. 30 annually to meet the cost of disinfectants, were discussed at the 15th Meeting of the Standing Aden Committee on the 31st October,† when it was considered that the cost of this service should be borne on Imperial funds, subject to reconsideration of the question of incidence of charge when the new police arrangements are introduced.

3. I am to explain that this service will be a permanent necessity so long as Perim is under British control; but Lord Passfield assumes that, when the permanent arrangements for the armed police come into force, the fixed British contribution of £8,000 will be held to cover all such charges.

4. Subject to Their Lordships' approval Lord Passfield proposes to accept the charge for the present against the Aden Sub-head of the Colonial and Middle Eastern Services Vote, and to raise the specific question of the future incidence of cost in correspondence with the India Office.

A copy of this letter is being sent to the India Office and Air Ministry.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 218].

No. 290.

TREASURY to COLONIAL OFFICE.

(S. 31885/03/4.)

SIR, Treasury Chambers, 21st December, 1929.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Cowell's letter of the 20th November, 1929,‡ relative to expenditure on the following services in connexion with the conservancy arrangements for Perim:—

(*a*) engaging a Sweeper for the Armed Police Detachment at Rs. 20 per mensem;

(*b*) providing an annual sum of Rs. 30 to meet the cost of disinfectants.

In reply I am to request you to inform Lord Passfield that My Lords concur in his proposal to accept these charges for the present against the Aden Sub-Head of the Colonial and Middle Eastern Services Vote and to raise the specific question of the future incidence of cost in correspondence with the India Office. They agree that the fixed British contribution of £8,000 should be held to cover all such charges when the permanent arrangements for the Armed Police come into force.

I am, &c.,
R. V. NIND HOPKINS.

C. 69297/29 [No. 221].

No. 291.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 293.]

SIR, Downing Street, 2nd January, 1930.

I AM directed by Lord Passfield to refer to India Office note of the 11th October,§ and to the subsequent discussions at the 15th Meeting† of the Standing Aden Committee, regarding expenditure on conservancy arrangements for Perim, and to

* Enclosure in No. 288. † No. 15. ‡ No. 289. § No. 288.

request you to inform Mr. Secretary Benn that His Lordship, with the concurrence of the Lords Commissioners of His Majesty's Treasury, agrees to—

(*a*) engaging a Sweeper for the Armed Police Detachment at Rs.20 per mensem,

(*b*) providing an annual sum of Rs.30 to meet the cost of disinfectants.

2. I am to say that while Lord Passfield agrees that these charges should be accepted for the present as falling on His Majesty's Government, he considers it necessary to raise now the question of the future incidence of the cost of the service. It is considered that when the permanent arrangements for the Armed Police have come into operation, the fixed British contribution of £8,000 should be held to cover all such charges as this. I am to inquire whether Mr. Benn agrees to this suggestion.

3. A copy of this letter is being sent to the Treasury and Air Ministry.

I am, &c.,
H. R. COWELL.

C. 79287/30 [No. 5].

No. 292.

COLONIAL OFFICE to TREASURY.

[*Answered by No.* 294.]

SIR, Downing Street, 28th January, 1930.

I AM directed by Lord Passfield to refer to Treasury letter S. 31885/03/4 of the 21st December, 1929,* in which the sanction of the Lords Commissioners of His Majesty's Treasury was given to the engaging of a sweeper for the Armed Police detachment at Perim, and to the provision of a sum of Rs. 30 per annum for the cost of disinfectants, and to request that their Lordships' sanction may be extended to cover the provision out of Imperial funds of a sum of Rs 5 *per mensem* for sweeping Perim Lighthouse on the same conditions attaching to the other two items mentioned above. This item though included in the correspondence forwarded under cover of the letter from this Department of 20th November,† was inadvertently omitted from the text of that letter. It was, however, agreed at the 15th Meeting‡ of the Standing Aden Committee that this charge might be borne along with the other two on Imperial funds.

I am, &c.,
H. R. COWELL.

C. 79287/30 [No. 6].

No 293.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 4th February, 1930.

IN reply to Mr. Cowell's letter of the 2nd January,§ and with reference to subsequent demi-official correspondence, I am directed by the Secretary of State for India in Council to state that he notes that the Secretary of State for the Colonies agrees to accept as a charge on Imperial revenues the expenditure on conservancy arrangements for Perim referred to in the India Office memorandum of the 11th October, 1929,‖ which has arisen out of the maintenance of the temporary Armed Police Force at Aden.

As regards the incidence of these charges, when once the permanent arrangements for the Armed Police have come into operation and the full British contribution of £8,000 per annum is being paid, Mr. Benn agrees that the contribution should be regarded as covering the present charges.

Copy of this letter is being sent to the Government of India.

I am, &c.,
J. C. WALTON

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* No. 290. † No. 289. ‡ No 15. § No. 291. ‖ No. 288.

C. 79287/30 [No. 7].

No. 294.

TREASURY to COLONIAL OFFICE.

(S. 31885/03/4.)

Treasury Chambers, 6th February, 1930.

SIR,

IN reply to Mr. Cowell's letter of the 28th January, 1930,* I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State for the Colonies that My Lords sanction the acceptance of the proposed expenditure of Rs. 5 *per mensem* on conservancy work for the guard at the Perim Lighthouse as a charge against the Aden Sub-head of the Colonial and Middle Eastern Services Estimate subject to the conditions laid down in Treasury letter of the 21st December, 1929 (S. 31885/03/4),† regarding other conservancy expenditure in Perim.

I am, &c.,
R. V. NIND HOPKINS.

C. 79287/30 [No. 8].

No. 295.

COLONIAL OFFICE to INDIA OFFICE.

Downing Street, 19th February, 1930.

SIR,

I AM directed by Lord Passfield to refer to the letter from this Department dated 2nd January,‡ regarding the conservancy arrangements for Perim, and to request that the following item may be added to that letter after Item (*b*), viz. :—

" (*c*) providing a sum of Rs. 5 *per mensem* for conservancy work for the guard at Perim Lighthouse."

It is regretted that this item, which will of course be governed by the same conditions as Items (*a*) and (*b*), was previously omitted.

I am, &c.,
F. J. HOWARD

B. KAMARAN.

1. Control of Kamaran.

C. 48076/27 [No. 2].

No. 296.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 297.]

(Confidential.)

India Office, Whitehall, London, S.W., 21st October, 1927.

SIR,

I AM directed by the Secretary of State for India in Council to refer to the letter from this Office dated 10th August last§ regarding the question of the responsibility for the administration of the Island of Kamaran, and to communicate, for the information of the Secretary of State for the Colonies, His Lordship's views on the matter, arrived at after consultation with the Government of India.

2. The Island of Kamaran was occupied, together with two other islands, on the 10th June, 1915, chiefly in order to forestall designs which the Italian Government was believed to have upon them at the time. The Secretary of State for India agreed, at that juncture, that the occupation of the islands was of interest to India, but considered that the maintenance of this sea route to the East was at least of equal interest to the Imperial Government, and it was accordingly decided that Army votes should bear half the cost of the administration of the islands, receiving half the income, on the understanding that this arrangement was to be a war measure only and was to be subject to reconsideration should occupation continue after the war.

3. The military character of the administration was preserved until February, 1924, when it was replaced by the present civil administration, the organisation of

* No. 292. † No. 290. ‡ No. 291. § C. 48047/27 [No. 8] : not printed.

which is described in the enclosed memoranda drawn up by the Civil Administrator. Owing to the proximity of Kamaran to Aden and to its military occupation having been carried out by troops from that place, the military administration which was set up on the island as occupied enemy territory came under the control of the G.O.C. and Political Resident, Aden, and thus under the Government of India. But there would have been no reason for that Government to interest itself closely in the administration, and no suggestion presumably of its retaining control, had it not been for the fact that, in addition to the ordinary functions of government, the improvised administration also controlled the quarantine station, previously maintained on the island by the Constantinople Board of Health, which has to deal with large numbers of Indian pilgrims.

4. The Island of Kamaran is not expressly mentioned in the Treaty of Lausanne. Since, however, by Article 16, Turkey renounced " all rights and title whatsoever over or respecting " the islands other than those over which her sovereignty was recognised by that Treaty, it would appear that the Island of Kamaran has now definitely passed out of Turkish sovereignty, though, pending settlement of its future, as contemplated in Article 16, by " the parties concerned," its political status remains undefined. In any case it is not part of Indian territory, and international complications may at any time arise which concern in no way the Government of India but departments of His Majesty's Government, and in particular that Department of His Majesty's Government which is responsible for Arab policy. It appears, therefore, to the Earl of Birkenhead to be inappropriate and unnecessary that the Government of India should continue to be responsible for the general administration of the Island merely because they are interested in the quarantine station.

5. Under the Anglo-Dutch Agreement, and the protocol accompanying it, which were concluded at Paris on the 19th June, 1926, arrangements were made for the exercise by the Government of the Netherlands East Indies, in view of the large number of Dutch pilgrims affected by the quarantine system, of a share in the control of the quarantine station, without prejudice to the civil administration remaining in British control, and, in order to provide for the separate administration of the quarantine station, the budget of the ordinary civil departments has been completely separated from that of the quarantine station and both budgets from those of India proper.

6. Those obligations in connection with the sanitary control of the pilgrimage which the Government of India have assumed under the Anglo-Dutch Agreement could equally well be discharged by them through the existing channels of communication, that is to say the Government of Bombay, the Resident at Aden, and the Civil Administrator of Kamaran, and for this purpose it is unnecessary that the latter officer should be under their control. The recent conclusion of an agreement between His Majesty's Government and the Government of India, under which responsibility for the political and military administration of Aden and its dependencies has been assumed by His Majesty's Government and the municipal administration only of Aden itself rests with the Government of India, further emphasises, in Lord Birkenhead's opinion, the desirability of terminating as early as possible the connection of the Government of India with the civil administration of Kamaran.

7. Lord Birkenhead would remind Mr. Secretary Amery that the question of the continuance of the administration of the Island in the control of the Government of India has at various times been raised in discussions at the Inter-departmental Pilgrimage Quarantine Committee, and particularly before the Anglo-Dutch negotiations in Paris in connection with the claim of the Netherlands Government for a share in the control of the quarantine station, and I am to invite attention to the discussions which took place at the twenty-ninth meeting of the Inter-departmental Pilgrimage Quarantine Committee, held on 29th April, 1926, at which it was considered to what extent any form of international or Anglo-Dutch control would be compatible with the strategical requirements of the Admiralty and Air Ministry. As a result of the views expressed by the representatives of those departments who were present at the meeting, it was decided that the Dutch could not be admitted to any share in the territorial control of the Island, and accordingly the negotiations with the Netherlands Government proceeded on that basis.

The Government of India had, however, expressed the view, which was stated at the meeting by the representative of the India Office, that so far as they were concerned they were content that, subject to certain specified safeguards, the quarantine station should be placed under some other authority, and that, in that case, they would be unwilling to continue to be responsible for the civil administration of the Island. The decision to retain territorial control over the Island was based chiefly

upon military and political considerations with which the Government of India are not directly concerned, and that being the position, the Secretary of State for India considers that their claim to be relieved of the responsibility for the Civil Administration of the Island can scarcely be denied.

8. Now that provision has been made in the Anglo-Dutch Kamaran Agreement for the repayment to Imperial and Indian Revenues of all advances made to meet the deficits incurred between 1915 and 1922, including those arising from the civil administration, Lord Birkenhead suggests that it would be appropriate that the control hitherto exercised by the Government of India, through the Political Resident at Aden, over the Civil Administrator, should be transferred to the Colonial Office, and that if in any year any part of the cost of the maintenance of the Island administration should not be covered by the proceeds of local taxation together with the annual subsidy of Rs. 10,000 paid from the revenues of the quarantine station under Article 12 of the Anglo-Dutch Agreement, it should be borne by the Imperial Exchequer.

9. Should the Secretary of State for the Colonies agree to this suggestion, it would be arranged that the accounts of the Island should be adjusted accordingly.

A summary showing the revenue and expenditure of the civil administration for the years 1924 to 1926 will be found attached to the first memorandum referred to in paragraph 3 above.

10. The personnel engaged in the administration are also specified in this memorandum, and I am to say that the services of such of the officers as are appointed from India would if required be made available.

11. A copy of this letter has been sent to the Treasury, Foreign Office, War Office, Admiralty, Air Ministry, and Ministry of Health for information.

I am, &c.,
E. J. TURNER.

Enclosure 1 in No. 296.

REPORT ON THE RECENT DEVELOPMENT OF THE KAMARAN CIVIL ADMINISTRATION.

Administration.

From the time of occupation of the Island in 1915 up to February, 1924, when the Post of Civil Administrator was initiated, the Administration had been carried on by the Senior Military Officer of the Garrison assisted by an Assistant Political Officer.

When I first came to the Island in September, 1920, the population was approximately 2,000, the inhabitants were very poor due to the pilgrimage having been stopped from 1915 to 1919, and a gratuitous issue of grain was given to the absolutely indigent. Trade with the mainland was small, and the coasting steamers from Aden seldom brought any cargo for the place.

The housing of the inhabitants was not good, there being a very large number of mat huts with no sanitary arrangements whatever, and a great many children suffering with eye diseases due to dirt.

At present, the population is over 4,000 in Kamaran village alone, there is an air of prosperity about the place, and the housing is greatly improved. No matting houses are allowed to be constructed, with the exception of roofs or verandahs, and all additions or alterations to stone houses are personally passed by me

There is a considerable increase in trade, and Kamaran is now used as a port for trans-shipment for Loheiya and other small places on the mainland.

The Municipal Hospital has done much to improve the health of the village, and the villagers now have every confidence in medicines. (The number of persons treated last month at the Hospital exceeded 350.)

The sanitation of the village has greatly improved, but still leaves much to be desired. All rubbish is collected by the 15 sweepers, who sweep the village daily, and incinerated.

The constitution of the Civil Administration is represented by the following subordinate departments :—

(1) Political Administrative and Judicial Department.
(2) Customs Department.
(3) Municipality Department.
(4) Educational Department.
(5) Police and Jail Department.
(6) Port Trust Department.
(7) Sub-Treasury Department.

These departments have been in existence since the occupation of the Island by the British.

Departments :—

(1) The Political Administrative and Judicial Department Staff is composed of an Interpreter, two office peons and a Kazi. It deals with all political work, such as the collection of political intelligence on the mainland, the general administration of the Island, and all Judicial work. The Kazi deals with all cases affected by the Mohammedan Laws.

(2) The Custom Department consists of an Arabic clerk and a peon. It is concerned with the collection of duties levied on Kat and such other articles as may be liable to duty. No duties are levied on the import or export of foodstuffs.

(3) The Municipal Department has a personnel of one Bazaar Master, one Sanitary Muccadum and 15 sweepers. The Bazaar Master collects the taxes, fees for trading licences, and supervises the rates charged for foodstuffs in the bazaar, which rates are fixed by me in accordance with cost of articles in Aden. Statements of Nerrick rates are posted in bazaar.

The Municipal Hospital is also under this Department and is in charge of the permanent subordinate medical officer of the Kamaran Quarantine Station. The staff consists of a male and female attendants. Free medical attention is given to all local inhabitants, while a charge is made for all patients outside the Island according to their circumstances—this sum is credited to the administration. This Hospital has done a great deal of good work both medically and politically by establishing confidence and friendly relations.

(It may be noted here that the work of the Arabic clerk of the Customs Department and that of the Bazaar Master is performed by one man, for which he receives the usual allowance. This arrangement has been approved by the Government.)

(4) The Educational Department consists of an Arabic teacher and a peon. Reading and writing of the Koran is the main function of this department.

(5) The Police and Jail Department consists of a Police Naik and eighteen Policemen. During the war there were eleven policemen and 15 police scouts. The latter were abolished in 1920 and since the withdrawal of the Military Guard from the Treasury in 1923, six new policemen have been enlisted. To form the double guard on the Treasury and to do the ordinary police work of the Island this staff is essential. Three temporary policemen were engaged to guard the cable house but have been dispensed with from the 1st July, 1927.

(6) The Port Trust Department has an establishment of a Muccadum, a Sarang and eight lascars. They look after the maintenance of the beacons and buoys in Kamaran harbour and passage. There are two dhows belonging to this Department which are used for this work.

The Port Muccadum collects port dues on all incoming dhows and the fees for pearl fishing licenses.

(7) The Sub-Treasury Department deals with the receipts and payments of the whole of Kamaran Administration, including the Kamaran Quarantine Station, post and telegraph offices and the military. It maintains the complete accounts of the Civil Administration and Kamaran Quarantine Station, and audits the bills presented for payment in accordance with the rules and regulations.

A normal balance of Rupees 30,000 is maintained to meet payments of all the departments throughout the month. All the regular bills, namely, establishment and contingency pertaining to the Civil Administration and Kamaran Quarantine Station, are paid at this Treasury and the appropriate classification of expenditure is carried out. The maintenance of the Personal Deposit Account of Kamaran Island and the submission of the annual budget estimates of the Kamaran Quarantine Station and the Civil Administration are also carried out by this department. The staff of the Sub-Treasury consists of myself as Sub-Treasury Officer, one accountant and treasurer, and a peon.

Personnel.

The following summary shows more clearly the staff of the different departments under the Civil Administration :—

(1) Political Administrative and Judicial Department	1 Assistant to the Administrator. 1 Interpreter. 1 Kazi Islamic Arbitrator. 2 Office Peons.

(2) Customs Department	1 Acting Arabic Clerk.
	1 Peon.
(3) Municipality Department	1 Bazaar Master.
	1 Muccadum.
	15 Sweepers.
	Dispensary
	1 Male Attendant.
	1 Female Attendant.
(4) Educational Department	1 Arabic Teacher.
	1 Peon.
(5) Police and Jail Department ...	1 Police Naik.
	18 Policemen.
(6) Port Trust Department	1 Muccadum.
	1 Sarang.
	8 Lascars.
(7) Sub-Treasury Department	1 Accountant and Treasurer
	1 Peon.

Each of the above departments is under my direct personal supervision.

I attach herewith a summary showing the revenue and expenditure for the years 1924 to 1926.

G. WICKHAM, Captain,
Civil Administrator, Kamaran.

Kamaran,
15th July, 1927.

STATEMENT SHOWING THE REVENUE AND EXPENDITURE OF THE KAMARAN CIVIL ADMINISTRATION FOR THE YEARS FROM 1924-1926.

Years	*Revenue.*	*Expenditure.*	*Remarks.*
1924-25	29,001	40,970	
1925-26	13,040	47,773	
1926 (nine months only)	17,678	33,594	

Kamaran,
15th July, 1927.

Enclosure 2 in No. 296.

SUPPLEMENTARY REPORT ON THE DEVELOPMENT OF THE KAMARAN CIVIL ADMINISTRATION.

IN 1915, on the occupation of Kamaran by the British, in an order dated 12th June, 1915, the General Officer Commanding, Aden Brigade, made the following appointments for carrying on the administration of the Island :—

(*a*) 1. Senior Military Officer on the Island	to be	Civil and Political Officer and Officer Commanding the Troops.
2. Mr. G. A. Richardson (ex-Vice-Consul, Hodeidah)	,,	Assistant Political Officer in charge Police, Treasury and Customs.
3. Captain Watson, R.G.A.	,,	Provost Marshal.
4. Captain Cadell	,,	Postal and Cable Censor and Intelligence Officer.
5. Lt. Hughs, R.N.R.	,,	Port Officer and Examining Officer.
6. Captain C. E. Harding, R.A.M.C.	,,	Port Surgeon and Port Health Officer.

(*b*) Martial Law was proclaimed but it was to be applied only in such cases as were considered necessary by the Administrator. Sentences of death were not to be carried out without the confirmation of the General Officer Commanding, Aden.

When not necessary to apply Martial Law, the common law of England and India was to be applied. For this purpose the Administrator was invested with the powers of a Magistrate of the 1st Class and the Assistant Political Officer with those of the 2nd Class. Appeals to lie through the Administrator to His Majesty's Courts at Aden.

(*c*) Police Force employed was as follows :—

1 Naik
1 Scout.
25 Policemen

(*d*) A temporary Port Trust was formed by the Administrator as Chairman, Assistant Political Officer, Port Officer, an official of the Lazaretto and such civilian as the Administrator may select.

A sub-Treasury at Kamaran was opened in 1915 and a Personal Ledger Account of Kamaran Civil Administration was opened in the Aden Treasury in 1922, when the accounts of the civil administration and the Lazaretto were separated.

By 1919, all the officers as per Nos. 2 to 6 were withdrawn and the Chief Civil and Political Officer, who was subsequently styled Military Administrator, carried on the administration with the assistance of the Indian Assistant Resident, Aden, who was deputed to Kamaran as Assistant Political Officer.

In 1924, the appointment of a Civil Administrator was sanctioned by the Government of India when the appointments of the Administrator and Chief Political Officer, Port Officer and Assistant Political Officer were abolished, while at the same time the appointment of the Officer Commanding the Infantry detachment as *ex-officio* Assistant to the Civil Administrator was approved.

The Civil Administrator continues to be Magistrate of the 1st Class by virtue of the original order of the General Officer Commanding and a rough and ready justice is administered by him on common-sense principles with the assistance of the Kadi.

The Kamaran Civil Administration now consists of the following so-called departments, which are directly under the control of the Civil Administrator :—

1. Political Administrative and Judicial Department.
2. Customs Department.
3. Municipality Department.
4. Educational Department.
5. Port Trust Department.
6. Police and Jail Department.
7. Sub-Treasury Department.

The details of the staff employed under each of these departments are given in the Civil Administrator's report, forwarded with the Resident's letter, dated the 23rd July, 1927.

C. 59285/28 [No. 3].

No. 297.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 298.]

(Confidential.)

SIR, Downing Street. 17th February, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 21st of October, 1927,* regarding the question of responsibility for the administration of the Island of Kamaran.

2. This matter was discussed at the third meeting of the Aden Standing Committee. It was pointed out that certain changes are about to be made in the garrison at Kamaran and in the measures for its defence, and that, as the Italian Government are at present extremely suspicious of the intentions of His Majesty's Government in connection with Kamaran, they may address a protest to His Majesty's Government in regard to these changes. If they do so, it appeared likely to be far more easy to satisfy the Italian Government as regards the reasons for these changes in defence arrangements than it would be to explain to their satisfaction the reason for the transfer of the responsibility for the civil administration to the Colonial Office. The Committee came to the conclusion that, for this reason alone, it would be well to allow the question of the transfer of the responsibility for the administration of the Island to the Colonial Office to remain in abeyance for a year or so. The Secretary of State trusts that the Earl of Birkenhead will agree to this course.

3. The question whether His Majesty's Government would be in any degree responsible for deficits which might be incurred in the future upon the civil budget for Kamaran was also raised at the third meeting of the Aden Standing Committee. Mr. Amery understands that it is considered unlikely that deficits will occur in the future, as, if the quarantine dues should cease to produce sufficient revenue at the current rate to pay expenses, it would probably be possible to increase the amount of the dues. The question of the responsibility for deficits as between the British

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* No. 296.

and Indian Governments on the one hand, and the Government of the Netherlands on the other, was dealt with in paragraph 8 (2) of the Anglo-Dutch Agreement of the 19th of June, 1926. No provision appears to have been made in that Agreement or elsewhere for a division of any future deficit between British and Indian revenues but it is suggested that, as the possibility of such a deficit occurring is remote, the matter need not be considered unless and until it arises.

4. Copies of this letter are being sent to the Treasury, Foreign Office, War Office, Admiralty, Air Ministry and Ministry of Health for information.

I am, &c.,
J. E. SHUCKBURGH.

C. 59285/28 [No. 10].

No. 298.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 301.]

(Confidential.)

SIR, India Office, Whitehall, London, S.W.1, 27th March, 1928.

WITH reference to your letter dated 17th February, 1928,* I am directed to state, for the information of Mr. Secretary Amery that, after consultation with the Government of India, the Earl of Birkenhead agrees that the question of the transfer of the responsibility for the administration of the Island of Kamaran to the Colonial Office should remain in abeyance for a year or so.

2. Copies of this letter are being sent to the Treasury, Foreign Office, War Office, Admiralty, Air Ministry and Ministry of Health for information.

I am, &c.,
E. J. TURNER.

C. 59285/28 [No. 11].

No. 299.

INDIA OFFICE to COLONIAL OFFICE.

India Office, 3rd April. 1928.

THE Under Secretary of State for India presents his compliments to the Under Secretary of State for the Colonies and begs to transmit to him copy of enclosures in a letter from the Government of India's Foreign Secretary on the subject of the question of regularising the legal administration of Kamaran Island.

Copy also sent to Foreign Office.

Enclosure in No. 299.

CONFIDENTIAL LETTER DATED BOMBAY CASTLE, 6TH JANUARY, 1928, FROM THE CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, TO THE FOREIGN SECRETARY TO THE GOVERNMENT OF INDIA, FOREIGN AND POLITICAL DEPARTMENT.

Subject; Judicial Administration of the Island of Kamaran.

I AM directed by the Governor in Council to refer to the correspondence ending with my letter No. P. 52-6619 D., dated the 13th September, 1927, enclosing a supplementary report on the development of the Kamaran Civil Administration, and to forward, for the orders of the Government of India, a copy of letter No. C. 606, dated the 5th November, 1927, from the Political Resident, Aden, and of its accompaniments, suggesting for the reasons given that the legal administration of Kamaran should be regularised, if possible.

2. The existing arrangements for the disposal of judicial work are outlined in the letter from the Civil Administrator, Kamaran, No. M/E/128, dated the 28th June,

* No. 297.

1927, which forms an accompaniment to the Political Resident's letter. In his order* of 12th June, 1915, for the temporary Government of Hanish, Zukur and Kamaran Islands, the General Officer Commanding, Aden Brigade, has made provision for carrying on the judicial work, a summary of which is given in the supplementary report accompanying my letter of 13th September, 1927.

3. In the opinion of the Governor in Council the Resident has not kept the two questions of legislation and executive orders altogether distinct. As Kamaran has not been formally annexed to the British Empire and declared to be part of India or British India, it will not be possible to give effect to the suggestions contained in this correspondence for the extension of the necessary laws and regulations in force in British India to the Island under the Scheduled Districts Act XIV of 1874 or for action under the Indian (Foreign Jurisdiction) Order in Council, 1902, or the Foreign Jurisdiction and Extradition Act XXI of 1879, which was repealed by the Second Schedule to the Indian Extradition Act, 1903, the Schedule itself being repealed by Act X of 1914. But the Governor in Council does not consider it necessary or desirable to pursue further the question of legislation for the reasons given below.

4. As will be seen from the papers the great majority of cases are now settled by the Qadi or the Administrator in consultation with the Qadi. Nothing could be better or simpler or more acceptable to all the Arab, Turk, Somali, Berber and similar elements in the population. With regard to the European-British subjects and British Indian subjects, other than Moslems, who should be under the Qadi, it would be possible to pass an Order in Council giving such powers as are really required But in respect of the subjects of Foreign European Powers, it is doubtful whether the Administrator can be given jurisdiction over them, other than that of Martial Law, unless the international status of Kamaran is regulated.

5. In these circumstances the Governor in Council at present sees no reason for disturbing existing conditions, unless merely, as suggested above, in order to regularise the position as regards non-Moslem British subjects.

Accompaniments:—

Copy of the Political Resident's letter and enclosures.

CONFIDENTIAL LETTER No. C. 606, DATED ADEN RESIDENCY, 5TH NOVEMBER, 1927, FROM THE POLITICAL RESIDENT, ADEN, TO THE CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT.

Subject: Judicial Administration of Kamaran.

I HAVE the honour to state, for the information of Government, that at present no recognised form of legislation exists at Kamaran with the result that decrees and orders passed by the Civil Administrator, Kamaran, in his judicial capacity cannot be enforced.

2. I enclose a copy of a letter No. M/E/128, dated 28th June, 1927, from the Civil Administrator, Kamaran, which explains the existing arrangements for the disposal of judicial work there.

3. I consider that it is time that the whole question of legal administration at Kamaran should be regularised if possible.

4. I am not sure whether there would be any difficulty in extending to it such laws and regulations as may be found necessary under the Scheduled Districts Act XIV of 1874 It would appear that the present situation is similar to that which would exist if Martial Law were prevailing, as Kamaran has not been formally annexed by His Majesty's Government.

5. In view of international considerations it may not be desirable to take any action which might lay open the status of the British occupation of Kamaran to question by foreign Governments.

I attach a copy of a note by the Judicial Assistant to the Resident on the subject.

I am awaiting Government instructions before submitting definite proposals on the subject.

No. M/E/128 of 1927.

Administrative Department, Kamaran, 28th June, 1927.

FROM THE CIVIL ADMINISTRATOR, KAMARAN, TO THE FIRST ASSISTANT RESIDENT, ADEN.

Memorandum.

REFERENCE your No. A. 4505, dated the 23rd June, 1927. The arrangements in Kamaran for the disposal of judicial work are as follows:—

I hold two courts each week in the village where all cases are heard. The legislation is based on the law as laid down for India, as interpreted by a layman.

* *Vide* accompaniments to Bombay Government letter No. 190-D, dated the 22nd September, 1922.

The great majority of cases is the reclamation of debt which form 95 per cent. of the cases dealt with by me.

In these cases, it is usually found that the defendant admits the debt as claimed by the plaintiff, on which an order is passed for the repayment governed by the known financial position of the defendant. These probably average instalments of Rs. 3 per month.

Court fees of Rs. 2 per cent. are charged on all cases of debts.

Other cases which come before me are :—

(1) Slander and libel almost always caused by female interference, which can usually be settled in conjunction with the Qadi.

(2) Disputes among fishing and diving crews, who have their own code of law and which is always accepted by the parties concerned.
In these cases, I order an Urf Committee to assemble and give me their opinion of the case, which I consider and pass an order accordingly.

(3) Cases governed by the Sharia Law are passed to the Qadi for decision, and, if necessary, endorsed by me.

(4) A few isolated cases of sodomy and adultery have been brought before me, which I have punished with deportation if proof is forthcoming.

(5) On a few occasions I have passed a sentence of flogging in cases of attempted indecent assault, &c., after a medical examination as to the fitness of the person to be flogged.

(6) Fines are inflicted for any infringement of Municipal orders, non-payment of dues, ill-treatment of animals and creating disturbances in the Island. Before any ceremony is permitted, the applicant must deposit Rs. 20 in the court which is returned on the completion of the ceremony if there has been no disorder. This order has proved to be an excellent safeguard against over-excitement and the subsequent inter-family troubles.

Please inform me if there are any further details which you require.

G. WICKHAM,
Captain,
Civil Administrator, Kamaran.

NOTE DATED 17TH SEPTEMBER, 1927, BY J. T. LAWRENCE, ESQUIRE, I.C.S., JUDICIAL ASSISTANT TO THE RESIDENT, ADEN.

IT is difficult to believe that the authorities would permit Kamaran to be "lawless." But assuming that such is the case Captain Wickham's responsibility would be limited. He could not be brought to account in any criminal court (save perhaps in Turkey!). In criminal law the forum is, generally speaking, determined by the locus of the crime. But this is not the case in civil law. It is conceivable that Captain Wickham might be sued for damages for tort in India or England or elsewhere if the party aggrieved found him there. At present this seems unlikely. But situations have a knack of developing.

I presume that the Resident has no jurisdiction, criminal or civil, in Kamaran. So no appeal would lie to him.

I picture the position in Kamaran as follows :—

Before the war Kamaran belonged to Turkey, if Turks were not actually there we took possession. The Turks have been deprived of the Arabian littoral. So Kamaran has ceased to be of interest to them. The Arabs are content (?) with what they have gained. In a sense we are in Kamaran on sufferance.

Please read preamble and Section 4 of the Foreign Jurisdiction and Extradition Act XXI of 1879 sent herewith. They would, I think, justify the exercise of power and jurisdiction by the Governor-General in Council in Kamaran. I do not suppose a notification has been published in the *Gazette* under Section 5 The latter section merely provides that such notification shall be conclusive proof of the truth of the matters stated therein.

The power and jurisdiction referred to above is strictly limited. Under Section 1 it extends to all Native Indian subjects of His Majesty beyond the limits of British India. Captain Wickham would, I think, come under the definition of Political Agent given in Section 3. If so, he would have jurisdiction under Section 7. Under Section 8 the law relating to offences and to criminal procedure for the time being in force in British India would, subject as to procedure to such modifications as the Governor-General in Council from time to time directs, extend to all Native Indian subjects of His Majesty in Kamaran.

The above cover a good deal of ground. But it confers no jurisdiction over persons other than Native Indian subjects of His Majesty and does not prescribe the Civil Law to be applied.

I would next draw attention to Indian (Foreign Jurisdiction) Order in Council, 1902, published in the *Gazette of India*, Part I of 1902, page 667.

I do not suppose a declaration has been made in respect of Kamaran under Section 2. If such declaration were made, power and jurisdiction would not be limited to Native Indian subjects. Moreover Appellate and Revisional jurisdiction could be conferred under Section 4 (c) on Courts outside Kamaran.

Perhaps the authorities await the firm establishment of the sufferance which is the justification for the exercise of power and jurisdiction, and the course of events. Captain Wickham's letter does not suggest that any extension of power and jurisdiction is at present necessary.

C. 59285/28 [No. 12].

No. 300.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 5th April, 1928.

I AM commanded by the Air Council to refer to Colonial Office letter of the 20th February,* transmitting a copy of a letter to the India Office regarding the administration of Kamaran Island, and to India Office reply of the 27th March† agreeing that the transfer of the administration of the island from the Indian Government to the Colonial Office should remain in abeyance for a year or so.

The Air Council trust that it is clearly understood that the deferment of the tranfer of administrative responsibility implies no corresponding deferment of the transfer of responsibility for defence measures under which the Officer Commanding, British Forces in Aden is responsible for measures for the defence of the island in regard to external and internal security, whilst the police are responsible for the maintenance of law and order.

They desire to point out that in such a very small island, questions affecting the maintenance of law and order and internal security must be very closely interconnected and hope that the position regarding responsibility for the protection of the island is understood by the Government of India.

I am, &c.,
H. McANALLY.

C. 59285/28 [No. 13].

No. 301.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 303.]

(Secret.)

SIR, Downing Street, 30th April, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 27th of March† in regard to the administration of the Island of Kamaran, and to transmit to you, to be laid before the Earl of Birkenhead, the accompanying copy of a letter‡ from the Air Ministry on the question of the responsibility for the protection of the island.

2. Mr. Amery has noted that Lord Birkenhead agrees that the question of the transfer of the responsibility for the administration of the Island of Kamaran to the Colonial Office should remain in abeyance for a year or so. He has no doubt that the Government of India fully understands the position regarding responsibility for the protection of the island.

3. I am to add that a copy of this letter is being sent to the Air Ministry.

I am, &c.,
J. E. SHUCKBURGH.

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* C. 59285/28 [No. 5] : not printed. † No. 298. ‡ No. 300.

C. 59285/28 [No. 15].

No. 302.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 307.]

(Confidential.)

SIR, India Office, Whitehall, London, S.W.1, 19th June, 1928.

WITH reference to the letter from this Department of the 27th March, 1928,* regarding the proposed transfer to the Colonial Office of responsibility for the administration of the Island of Kamaran, and the memorandum of this Department of the 3rd April,† relating to the question of regularising the judicial powers of Kamaran, I am directed by the Secretary of State for India to transmit, for the information of Mr. Secretary Amery, copy of the marginally noted papers received from the Government of India.

Letter from Government of India dated 29th March, 1928.
Letter from Government of India to Government of Bombay dated 29th March, 1928.

2. As regards the view of the present position expressed in paragraph 2 of the Government of India's letter, I am to state that in the opinion of the Secretary of State for India, the question turns on whether or not His Majesty's Government are prepared to maintain that Kamaran has become part of His Majesty's Dominions. If the Earl of Birkenhead is right in understanding that for political reasons this is not the case he proposes, subject to the concurrence of Mr. Secretary Amery to inform the Government of India accordingly, and to instruct them that in the circumstances the existing system of administration must be continued so long as the responsibility for the administration of the Island remains with the Government of India.

3. I am, however, to draw particular attention to the remarks at the end of paragraph 3 of the Government of India's letter as to the desirability of relieving India, as soon as possible, of its administrative responsibility for Kamaran, and to suggest that the matter might be reviewed not later than January next in the event of it not being found possible to effect transfer of control to your department at an earlier date.

4. Copies of this letter with its enclosures are being sent to the Treasury, Foreign Office. War Office, Admiralty, Air Ministry, and the Ministry of Health.

I am, &c.,
E. J. TURNER.

Enclosure 1 in No. 302.

THE DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA IN THE FOREIGN AND POLITICAL DEPARTMENT TO THE UNDER SECRETARY OF STATE FOR INDIA, INDIA OFFICE, LONDON.

(Confidential.) New Delhi, the 29th March, 1928.

Administration of Kamaran Island.

SIR,

I am directed to refer to the telegram from the Government of India in this Department No. 615-S, dated the 21st March, 1928, regarding the judicial administration of Kamaran Island.

2. As the Government of India understand it the position is as follows:—

The island was a pre-war Turkish possession which was occupied by British forces in the course of the war, and still remains in British occupation. Not being mentioned elsewhere in the Treaty of Lausanne, it is included in the islands over which Turkey renounced all rights and title by Article 16 of that Treaty. The renunciation was not, however, in favour of the British or any other specified Government, Article 16 referring to the future of the territories and islands within the scope of the renunciation as "being settled or to be settled, by the parties concerned." No settlement of the future of Kamaran had been effected at the time of the Treaty, and none has been effected since. The Government of India are of the view that while it is difficult to bring the case within the four corners of any other mode of acquisition recognised by international law, the cession of rights by Turkey in Article 16 of the Treaty should be held, in the absence of a settlement of the nature contemplated in that

* No. 298. † *See* No. 299.

article to operate as a cession in favour of the State in possession whose *de facto* exercise of sovereignty appears to be entirely unchallenged.

3. On this view Kamaran is a place within His Majesty's Dominions, and as it is being administered by an agency subordinate to the Government of India, it is British India and will continue to be British India so long as it continues to be so governed. The consequence of this is that as Kamaran is not a scheduled district, all legislation by the Indian Legislature, enacted since Kamaran became British India, and expressed to extend to the whole of British India, purports to extend to Kamaran. If there were any prospect of the present position continuing indefinitely or for any considerable length of time, it would be necessary to legalise the present form of administration, and the first requisite would be to apply Section 71 of the Government of India Act to Kamaran and then to de-regulationise the Island and provide for its government by a Kamaran laws regulation. In view, however, of the contemplated transfer of the administration to the Colonial Office, the Government of India consider it unnecessary for the present to consider action on these lines. They trust, however, that in view of the possibility of genuine embarrassment arising from any prolonged continuance of the present irregular régime, it will soon be found possible without unduly exciting Italian suspicions to effect the transfer of control to the Colonial Office and to place the administration on a permanent legal basis.

I have, &c.,
J. G. ACHESON,
Deputy Secretary to the Government of India.

Enclosure 2 in No. 302.

THE DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA IN THE FOREIGN AND POLITICAL DEPARTMENT TO THE CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT.

(Confidential.) New Delhi, the 29th March, 1928.

Judicial Administration of the Island of Kamaran.

SIR,

With reference to your letter No. 5392/B, dated the 6th January, 1928, regarding the legal administration of Kamaran, I am directed to inform you that the Government of India agree that it is unnecessary at present to disturb existing conditions, more especially in view of the prospective transfer of the administration to the Colonial Office.

In this connection I am to forward a copy of the marginally cited papers for information.

1. Letter from the Secretary, Economic and Overseas Department, India Office, dated the 25th October, 1927, with enclosure.
2. Telegram from His Majesty's Secretary of State for India, No. 564, dated the 27th February, 1928.
3. Telegram to do. do. No. 615-S, dated the 21st March, 1928.
4. Letter to the Under Secretary of State for India, No. 436-N, dated the 29th March, 1928.

I have, &c.,
J. G. ACHESON,
Deputy Secretary to the Government of India.

C 59285/28 [No. 16].

No. 303.

INDIA OFFICE to COLONIAL OFFICE.

(Secret.)

SIR, India Office, Whitehall, London, S.W.1, 19th June, 1928.

WITH reference to your letter of the 30th April,* relating to the administration of the Island of Kamaran, I am directed to state, for the information of Mr. Secretary Amery, that the Earl of Birkenhead sees no reason to believe that the Government

* No. 301

of India are under any misapprehension as to the position in regard to responsibility for defence arrangements at Kamaran, but that a copy of the correspondence is being sent to them for their information.

2. A copy of this letter is being sent to the Air Ministry.

I am, &c.,
E. J. TURNER

C. 59285/28 [No. 17].

No 304.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 26th June, 1928.

I AM commanded by the Air Council to refer to the letter addressed by the India Office to the Colonial Office on the 19th June* on the subject of the responsibility for the civil administration of Kamaran Island, and to say that they concur with the suggestion that this matter should be reviewed not later than January next, and trust that Mr. Secretary Amery will see his way to agree to that proposal.

A copy of this letter has been sent to the India Office.

I am, &c.,
J. A. WEBSTER.

C. 59285/28 [No. 18].

No. 305.

COLONIAL OFFICE to FOREIGN OFFICE.

[*Answered by No.* 306.]

(Secret.)

SIR, Downing Street, 18th July, 1928.

I AM directed by Mr. Secretary Amery to refer to the letter addressed by the India Office to the Colonial Office on the 19th June,* a copy of which it is understood was sent to the Foreign Office, on the subject of the responsibility for the civil administration of the Island of Kamaran.

2. Mr. Amery would be glad to be favoured with Secretary Sir Austen Chamberlain's observations on the proposal in paragraph 2 of the above letter, *viz.*, that the Government of India should be informed that His Majesty's Government are not prepared to maintain that Kamaran has become part of His Majesty's Dominions, and that, in the circumstances, the existing system of administration must be continued so long as the responsibility for the administration of the Island remains with the Government of India. In this connection I am to say that Mr. Amery is advised that it would not be possible to maintain that Kamaran is a place within His Majesty's Dominions unless it were expressly ceded to His Majesty by Treaty or formally annexed by His Majesty.

3. I am to take this opportunity to enclose a copy of a letter† which has been received from the Air Ministry, from which it will be observed that the Air Council concur in the suggestion put forward in paragraph 3 of the India Office letter referred to above. Subject to Sir Austen Chamberlain's concurrence, Mr. Amery proposes to agree that the question of the transfer of administrative responsibility for Kamaran should be reviewed not later than January next, in accordance with that suggestion.

I am, &c.,
F. J. HOWARD.

C 59285/28 [No. 21].

No. 306.

FOREIGN OFFICE to COLONIAL OFFICE.

(Secret.)

SIR, Foreign Office, S.W.1, 26th July, 1928.

I AM directed by Secretary Sir Austen Chamberlain to acknowledge the receipt of your letter of the 18th July‡ on the subject of the responsibility for the civil administration of the Island of Kamaran.

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* No. 302. † No. 304. ‡ No. 305.

2. The Secretary of State is advised that the position as regards the status of Kamaran is, as stated in paragraph 2 of your letter, that it would not be possible to maintain that Kamaran is a place within His Majesty's Dominions unless it were expressly ceded to His Majesty by treaty or in some way annexed by His Majesty. In these circumstances he concurs in the course of action proposed in paragraph 2 of the India Office letter of 19th June,* and also in Mr. Secretary Amrey's proposal to agree that the question of the transfer of administrative responsibility for Kamaran should be reviewed not later than January next.

3. Copies of this letter are being sent to the India Office, Admiralty and Air Ministry.

I am, &c.,
MONTEAGLE.

C. 59285/28 [No. 27].

No. 307.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 308.]

(Confidential.)

SIR, Downing Street, 15th August, 1928.

I AM directed by Mr. Secretary Amery to refer to your letter of the 19th of June* and to Foreign Office letter to the Colonial Office dated 26th July,† a copy of which it is understood has been sent to the India Office, on the subject of the responsibility for the civil administration of the Island of Kamaran.

2. I am to say that Mr. Amery agrees with the Earl of Birkenhead's proposal in paragraph 2 of the India Office letter under reference, namely, that the Government of India should be informed that for political reasons His Majesty's Government are not prepared to maintain that Kamaran has become part of His Majesty's Dominions, and that they should be instructed that in the circumstances the existing system of administration must be continued so long as the responsibility for the administration of the Island remains with the Government of India. Mr. Amery also agrees with the suggestion made in paragraph 3 of India Office letter that the question of the transfer of administrative responsibility for Kamaran should be reviewed not later than January next.

I am, &c.,
A. J HARDING.

C. 69285/29 [No. 1].

No. 308.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 310.]

(Confidential.)

India Office, Whitehall,

SIR, London, S.W.1, 14th January, 1929.

I AM directed to refer to your letter of the 15th August, 1928,‡ in which the Secretary of State for the Colonies accepted the suggestion of the Secretary of State for India that the question of the transfer to the Colonial Office of the administrative responsibility for Kamaran should be reviewed not later than January, 1929.

2. In view of the desire of the Government of India to be relieved as soon as possible of their responsibility for the administration of the Island, Lord Peel trusts that Mr. Secretary Amery will be able to agree that arrangements for the transfer of control should be made in the immediate future. His Lordship would suggest that the matter might be considered either at an early meeting of the Aden Standing Committee or at a meeting of representatives of the Departments concerned. Should Mr. Secretary Amery concur in this proposal I am to ask that the necessary action may be taken by your Department.

3. Copies of this letter are being sent to the Treasury, Foreign Office, War Office, Admiralty, Air Ministry, and Ministry of Health.

I am, &c.,
E. J. TURNER.

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* No. 302. † No. 306. ‡ No. 307.

C. 69285/29 [No. 2].

No. 309.

THE SECRETARY OF STATE to THE RESIDENT

[*Answered by No.* 311.]

(Confidential A.)

SIR, Downing Street, 5th February, 1929.

I HAVE the honour to inform you that, in the latter part of 1927, the Secretary of State for India proposed that the administrative responsibility for Kamaran should be transferred to His Majesty's Government.

2. As, however, certain changes were then about to be made in the garrison of the Island and in the measures for its defence, and as the Italian Government were extremely suspicious of the intentions of His Majesty's Government in connection with Kamaran, it seemed desirable to allow the question of the transfer of the responsibility for the administration of the Island to remain in abeyance until the revised arrangements for the garrison had been brought into existence and any protests which might be received from the Italian Government in consequence had been dealt with. I was also anxious to defer the transfer until you had taken up your duties and were able to consider the question of the provision of the staff necessary for the administration of the Island.

3. The Secretary of State for India has now again approached me on the subject stating that the Government of India desire to be relieved as soon as possible of their responsibility in the matter and suggesting that arrangements should be made for the transfer in the immediate future. No decision has yet, however, been reached in regard to the Police Forces for the Island, as His Majesty's Government and the Government of India have not yet been able to reconcile their views upon the question of the incidence of the cost of the proposals which have been made for policing Aden, Perim, and Kamaran. Nor has there apparently been any change in the attitude of the Italian Government towards Kamaran.

4. I am forwarding to you under separate cover a copy of a despatch* from His Majesty's Ambassador at Rome from which it would seem that the Italian Government may raise the question of its status at any time. It may prove difficult to satisfy the Italian Government as regards the reason for the transfer of the responsibility for the administration to His Majesty's Government, and I am disposed to ask the Secretary of State for India to allow the matter to remain in abeyance a little longer so that at least the question of the garrison may be finally determined before the transfer takes place.

5. I shall, however, be glad to have your observations on the subject.

I have, &c.,

L. S. AMERY.

C. 69285/29 [No. 3].

No. 310.

COLONIAL OFFICE to INDIA OFFICE.

(Confidential.)

SIR, Downing Street, 6th February, 1929.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of Mr. Turner's letter of the 14th of January,† in regard to the question of the transfer of the administrative responsibility for Kamaran to the Colonial Office, and to request you to inform Lord Peel that he has thought it well to consult the Resident at Aden before referring the matter to the Standing Aden Committee. A copy of a despatch‡ which has accordingly been addressed to the Resident is enclosed.

2. Copies of this letter and the despatch are being sent to the Foreign Office, Admiralty, Air Ministry, and Ministry of Health.

I am, &c.

H. R. COWELL.

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*Enclosure in No. 328. † No. 308. ‡ No. 309.

C. 69285/29 [No. 12].

No. 311.

THE RESIDENT to THE SECRETARY OF STATE

(Received 11th March, 1929.)

(Confidential.)

(No. 28.)

SIR, The Residency, Aden, 25th February, 1929.

I HAVE the honour to refer to your despatch, Confidential A, of the 5th instant,* and to submit my observations on the present situation at Kamaran.

2. British desiderata there appear to be:—

(*a*) to prevent the island and adjacent anchorage coming under the control of a foreign or unfriendly Power; and

(*b*) to provide for the security of the Quarantine Station which is maintained principally for the benefit of Javanese and Indian pilgrims.

3. It was on account of (*a*) that we occupied Kamaran as a war measure in 1915, and considerations of (*a*) and (*b*) led to the present situation in which the Quarantine Station has been put under a British director who carries out a simple, dictatorial administration of the island under the ægis of a Union Jack and occasional visits by military aeroplanes from Aden.

4. I understand that the question of sovereignty over the island is likely to be raised at any time by the Italians and also, I suppose, by the Imam of the Yemen. The latter's claim would presumably rest on the grounds of the contiguity of the island to, and the racial identity of its native population with the people of, the Tihama district of the Yemen. I have not yet received a copy of the Rome despatch referred to in paragraph 4 of your despatch under reply, but it is not, I suppose, quite inconceivable that the Imam's claim might receive a measure of support by the Italian Government. I also understand that, pending information as to the Italian attitude, His Majesty's Government desire to maintain the *status quo* and to avoid fresh demonstration that British Sovereignty at Kamaran is a *fait accompli*. I anticipate no local difficulty in maintaining the present anomalous administration of the island a little longer.

5. Meanwhile, and until it has been decided whether we are to remain at Kamaran by a formal annexation of the island or its inclusion with the Aden Protectorate, under a mandate, or on sufferance, I see no local advantage in the transfer of administrative responsibility to His Majesty's Government. Indeed, so long as the nearest British administration, at Aden, remains under the Government of India the arrangements for the performance of administrative and judicial functions would be simplified if Kamaran could be treated, like Perim, as part of British India.

6. As regards garrison the present position, as you are aware, is that small detachments from the newly-raised Protectorate Levies have been sent to Perim and Kamaran. On each of the islands a few constables can cope with normal civil duties and keep order among a small, well-behaved, native population. A larger and armed force is required to act as garrison and to prevent banditti from the mainland. I have recommended that this duty could be performed most economically and conveniently in future by detachment from a reorganised Aden Police Force which, in my opinion, after suitable training will be adequate for the purpose.

I have, &c.,

G. S. SYMES,

Resident and Commander-in-Chief.

C. 69285/29 [No. 13].

No. 312.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 313.]

(Confidential.)

SIR, Downing Street, 21st March, 1929.

WITH reference to the letter from this Department of the 6th of February,† enclosing a copy of a despatch addressed to the Resident at Aden in regard to the

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* No. 309. † No. 310.

question of the transfer of the administrative responsibility for Kamaran to the Colonial Office, I am directed by Mr. Secretary Amery to transmit to you, to be laid before the Secretary of State for India, the accompanying copy of a despatch† which has been received from Sir Stewart Symes in reply.

2. If Lord Peel agrees, Mr. Amery would propose to defer further consideration of the question of the transfer of administrative responsibility until the question of the policing of the Island is settled.

3. Copies of this letter are being sent to the Foreign Office, Air Ministry, and Treasury.

I am, &c ,
H. R. COWELL.

C. 69285/29 [No. 21].

No. 313.

INDIA OFFICE to COLONIAL OFFICE

(Confidential.)

SIR, India Office, Whitehall, London, S.W.1, 18th June, 1929.

WITH reference to your letter of the 21st March, 1929,* I am directed to state, for the information of the Secretary of State for the Colonies, that after ascertaining the views of the Government of India, the Secretary of State for India accepts the proposal made in your letter that further consideration of the question of the transfer of the administrative responsibility for Kamaran to the Colonial Office should be deferred until the question of the policing of the island is settled on the understanding that a further delay of not more than six months will be involved, and that the matter shall come up for review not later than October next.

2. Copies of this letter are being sent to the Foreign Office, Air Ministry and Treasury.

I am, &c.,
E. J. TURNER.

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2. Italian attitude in connexion with the "Scitar" Oil Company.

C. 59285/28 [No. 22].

No. 314.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 318.]

SIR, Foreign Office, S.W.1, 6th August, 1928.

I AM directed by Secretary Sir Austen Chamberlain to request you to inform Mr. Secretary Amery that in the course of a conversation here on 1st August, the Italian Ambassador referred to the question of Kamaran.

2. His Excellency stated that the Italian oil company, the initials of whose name form the word "Scitar" (by which it is commonly known), applied in April last to the British administrator or agent at Kamaran for leave to import into the island a considerable quantity of oil. Permission was given. Subsequently, however, the company was informed that before the oil could be landed, application must be made to the Resident at Aden. The proceedings were reported by Scitar to the Italian Governor of Eritrea, who submitted the matter to Rome in a despatch or telegram of the 9th July.

3. Monsieur Bordonaro had now received instructions from his government to remind His Majesty's Government of the agreement regarding Kamaran reached as a result of the conversations between Sir G. Clayton and Signor Gasparini in Rome in March, 1927, and to inquire whether the action of the administrator at Kamaran, in referring this question to Aden, was correct.

4. I am to request that the Secretary of State may be furnished with Mr. Secretary Amery's views as to the reply which should be returned to the Italian Ambassador's inquiry.

I am, &c.,
MONTEAGLE.

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* No. 312.

C. 59285/28 [No. 24].

No. 315.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 12 noon, 9th August, 1928.)

TELEGRAM.

[*Answered by No.* 316.]

(Paraphrase.)

ITALIAN Ambassador states that Italian Oil Company "Scitar" was given permission by the Administrator at Kamaran to import into the island a considerable quantity of oil but was informed subsequently that application must be made to Resident at Aden before oil could be landed. The Ambassador has inquired whether the action of the Administrator at Kamaran in referring the matter to Aden was correct. It is likely that Italian Government may make this incident an excuse for raising whole question of power of His Majesty's Government to take administrative measures at Kamaran unconnected with the quarantine station there. Your attention is invited in this connection to paragraphs 4 and 6 of enclosure to my Confidential despatch of 11th April, 1927.*

Please furnish me with brief report by telegraph and forward copies of correspondence by despatch.—AMERY.

C. 59285/28 [No. 29].

No. 316.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 3.31 p.m., 10th August, 1928.)

TELEGRAM.

(Paraphrase.)

10TH AUGUST. Your telegram of 9th August.† Statement of Italian Ambassador is not quite correct. A month ago Agent of Commerciale Italo-Araba Company visited Kamaran and asked for permit to establish oil dump. Administrator told him that Aden Agent of Shell Company had previously rented only available hut in which oil could be stored safely.

On 9th August Agent returned to Kamaran and asked permission to land oil from Italian ship arriving immediately from (group omitted). Administrator was instructed by me to give permission unless he saw local administrative objection. I am not yet aware whether oil is required for Italian seaplanes or commercial use. Am I correct in supposing that an attitude in this matter should be governed by Clauses 4 and 5 of Rome Conversation of 7th February, 1927, subject to considerations of safety of quarantine station and local conditions? Report follows.

C. 59285/28 [No. 34].

No. 317.

THE RESIDENT to THE SECRETARY OF STATE

(Received 27th August, 1928)

[*Answered by No.* 320.]

(Confidential.)
(No. 139.)

SIR, Residency Office, Aden, 15th August, 1928.

I HAVE the honour to refer to my telegram No. 276 of the 10th instant‡ and to forward for your information copies of correspondence about the establishment of an oil depot at Kamaran.

2. In December last Mr. Besse, the local Agent at Aden of the Shell Oil Company, Limited, wrote to the Administrator, Kamaran, to enquire what local facilities could be given him should he decide to establish a depot there. Mr. Besse was informed

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* C. 48027/27 [No. 42] : not printed. † No. 315. ‡ No. 316.

that while we were not in a position to grant him either a monopoly or a site on which to erect permanent premises no objection would be made to his renting an unused store room for the purpose.

3. Early in July, Mr. A. Magni, an Agent of the Societa Commerciale Italo-Araba, visited Kamaran and made a request similar to that preferred by Mr. Besse. The Administrator informed him of the circumstances set out in the previous paragraph and advised him that, as the only existing store room available had been leased to a prior applicant, he was not in a position to offer further facilities without reference to superior authority at Aden.

4. On the 9th instant I received a telegram from the Administrator saying that Mr. A. Magni had returned to Kamaran and desired permission to disembark a quantity of oil from an Italian steamer due to arrive there from Fiume. Being apprehensive lest the Italian Government should endeavour to represent any delay on our part as an abuse of our authority at Kamaran I instructed the Administator by telegraph to give the desired permission subject to there being no local administrative difficulty and to a clear understanding by Mr. A. Magni that it was granted without prejudice to any questions concerning a monopoly or building rights.

5. I should be glad to receive instructions as to what should be our attitude to Mr. A. Magni or another person seeking to establish a commercial enterprise at Kamaran and requiring the grant or lease of land and facilities to erect permanent premises for the purpose.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

Enclosure 1 in No. 317.

(Confidential.) Kamaran Island, Administrative Department,
17th January, 1928.

SIR,

I HAVE the honour to forward herewith copy of a letter received yesterday from Messrs. A. Besse of Aden, for your information.

2. I have replied that I am quite willing to assist them in any way I can. The opening of a depot here would be of great commercial value to the trade of the Island, and incidentally would bring in a large amount to the revenue of the Port.

3. As regards the storehouse, I have offered them a large unoccupied godown at a rental of Rs. 50 p.m. This godown belonged originally to the Turkish Port Authorities, and has only been utilised once in my regime for the accommodation of refugees from the mainland.

4. I have asked Mr. Besse to call on you and discuss the granting of a monopoly to his firm. So long as the local merchants are not affected *in any way*, I can see no objection to the suggestion. At present, a certain amount of kerosine is shipped from here by local merchants to the mainland, and I do not think it fair to them to obstruct them in their already established trade.

I have, &c.,
G. V. WICKHAM,
Civil Administrator, Kamaran.

The First Assistant Resident,
Aden.

DEAR SIR, Aden, 24th December, 1927.

I BEG herewith to submit the following scheme for your consideration.

You are aware that for the last two years the kerosine trade in the Yemen has been in the hands of an Italian firm protected by the Italian Government, to whom a monopoly covering the whole of the Imam's territory was granted. A month ago the period of this monopoly came to an end and as the Imam has not renewed it the trade is now open to all.

You probably know that the Company I represent—The Shell—has the largest share of this trade, and I am constantly being requested to send my ships to supply Lith, Confoudah, Birk, Medi, Ghezan, Loheiyah, Hodeidah, Taef, Khokha, and Mokha, but at all these ports, with the exception of Hodeidah, the quantities to be landed are too insignificent to make the proposition a paying one either for the Shipping Company

or the Petroleum Co. Moreover, the trade is limited to the few merchants who have sufficient capital to enable them to immobilise large sums, and the volume thereof is seriously curtailed on this account.

I have been wondering, therefore, whether it would not be advisable to have a depot at Kamaran and arrange for a fleet of dhows to supply the above-named ports with kerosine, loading up with export merchandise for the return journey—hides, skins, coffee, seeds, &c. My large ship " El Amin " would then call regularly at Kamaran to fetch this cargo.

Would you consider such a scheme with favour, and in the affirmative would be prepared to grant us a concession of land situated at the most convenient spot on the sea front where we could erect a warehouse, and even a quay if the extent of the trade became such as to justify the large outlay this would entail? To commence with, it is understood that we should build a shed only.

Would it be possible, further, to grant us a *de facto* monopoly, or failing that, a virtual one, by conceding us the only site on the Island which could be utilised for the purpose indicated? On his return from Suez at the beginning of January, the question could be discussed with Captain Blair, to whom I have already communicated my idea.

I should be greatly obliged if the matter could be kept secret, as we should not like our competitor, the Standard Oil Co. of New York, to forestall us.

If you agree to help us along the lines indicated we shall naturally be in a position to consider the possibility of organising a regular mail service, and of bringing you whatever supplies the Administration may require.

Yours faithfully,
A. BESSE.

Captain G. V. Wickham,
Civil Administrator, Kamaran.

Enclosure 2 in No. 317.

(Confidential.) Residency Office, Aden, 1st February, 1928.

MEMORANDUM.

YOUR letter of 17th January, 1928.

The Resident approves generally of Mr. Besse's proposals, and is willing to support them as far as is practicable in view of the fact that Mr Besse represents a company, the Shell, which is mainly British.

2. Your proposal to rent Mr. Besse a store-house is likewise approved, but there can be no question of granting his company a monopoly, or a site for building operations. We have no legal powers to grant such concessions, and it would be very undesirable to raise these questions at present.

3. I have seen Mr. Besse and explained to him that he can have the store-house, and that for the rest his best policy will be to " dig himself in " quietly and unobstrusively at Kamaran. He quite agreed.

4. Should any rival company wish to commence similar activities in Kamaran they will have to apply for a site to build a warehouse, since I understand that the godown rented to Mr. Besse is the only one available? Our reply to such an application presumably would be that while it was one thing to let a company have the use of an unoccupied godown belonging to the lazaretto, it was quite another to lease a site on which to build. Or something to this effect.

T. C. W. FOWLE,
First Assistant Resident, Aden.

The Administrator,
Kamaran.

Enclosure 3 in No. 317.

EXTRACT FROM KAMARAN NEWS SUMMARY, DATED 12TH JULY, 1928.

MR. ALEXANDRE MAGNI, agent of Societa Commerciale Italo-Araba, arrived here with Taher Rageb Effendi to enquire if they could be granted permission to establish an oil dump in the village of Kamaran. Having read your letter dated 1st February, 1928, I informed them that they would first have to apply for permission to you through this office, but that as Mr. Besse had already been granted permission

to start a store here and had rented the only available house, there would hardly be sufficient trade here for both parties. They agreed and said that if Besse was going to trade here they would not. Mr. Magni then proceeded to Medi and Taher Rageb to Hodeidah.

Enclosure 4 in No. 317.

TELEGRAM FROM ADMINISTRATOR, KAMARAN, TO RESIDENT, ADEN.

(Dated 9th August, 1928.)

PLEASE telegraph reply as soon as possible.

Alex Magni arrived here to-day and says that he has orders to receive at Kamaran to-morrow an Italian steamer with oil from Fiume but he is unable to say if it is for here.

He has already asked for leave to land oil here through Massowa and has had no answer up to now.

I have told the agent that he may not land the cargo unless permission is given. Shall I give permission? Reference letter dated 12th July.

Enclosure 5 in No. 317.

TELEGRAM FROM RESIDENT, ADEN, TO ADMINISTRATOR, KAMARAN.

(Dated 9th August, 1928.)

(No. 275.)

YOU may give permission for the oil to be landed if you should see no local administrative difficulty about it. Alex Magni, however, must clearly understand that if this permission is given it does not in any way affect the necessity for negotiations in order to enable sanction for the establishment of a depot to be given.

Reference your telegram of 9th August, 1928.

C. 59285/28 [No. 35].

No. 318.

COLONIAL OFFICE to FOREIGN OFFICE.

[*Answered by No.* 319.]

SIR, Downing Street, 7th September, 1928.

WITH reference to the letter from this Department of the 13th of August,* regarding the application of an Italian Company for leave to import oil into Kamaran, I am directed by Mr. Secretary Amery to transmit to you, to be laid before the Secretary of State for Foreign Affairs, the accompanying copy of a despatch† from the Resident at Aden, together with copies of the correspondence therein mentioned.

2. It will be observed that Sir S. Symes instructed the Administrator to give the desired permission subject to there being no local administrative difficulty and to a clear understanding by Mr. A. Magni, the Agent of the Company, that the permission was granted without prejudice to any questions concerning a monopoly or building rights.

3. As regards the Italian Ambassador's enquiry whether the action of the Administrator in referring the question to Aden was correct. I am to point out that the appointment of the Administrator of Kamaran is made by the Government of India and that this is recognised by the Anglo-Dutch Agreement of 1926. It was therefore proper for the Administrator to refer to the Resident at Aden, who is his immediate superior under the Government of India and who forms the proper channel of communication with the Government of India, upon a matter in which he required guidance; and, so long as the Government of India have their present obligations in respect of the Quarantine Station, no other course would be convenient or correct. In referring to the conversations which took place at Rome in 1927, the Italian

* C. 59285/28 [No. 33]: not printed. † No. 317.

Government no doubt had in mind the statement that the presence of British officials at Kamaran is solely for the purpose of securing the sanitary service of the pilgrimage to Mecca. But it would be unreasonable to contend that the effect of that statement was to prevent the Government of India and its officers from controlling the Administrator or the Administrator from seeking advice or instructions from his superior officer upon any question connected with the administration of the Island with which he was required to deal, whether the particular question was intimately connected with the sanitary service or not; and on this point, it may be noted that the establishment of an oil depot would necessarily involve considerations as to the safeguards to be taken against fire.

4. As regards the general question raised by Sir S.Symes in paragraph 5 of his despatch, Mr. Amery considers that persons of whatever nationality who seek to establish commercial enterprises at Kamaran or to lease land there should be informed that no assistance can be given to them by the authorities in the Island, but that they are at liberty to make such arrangements as they wish with private individuals in the Island, subject to those arrangements being in accordance with any rules or requirements laid down by the local administration for securing the public safety and the well-being of the inhabitants. Mr. Amery would be glad to learn whether the Secretary of State for Foreign Affairs concurs in this view. He recognises that the course which he proposes to take is not free from difficulty, for questions of title may arise and, in this or in other ways, the Administrator may become involved. The question of the jurisdiction over subjects of foreign European powers in Kamaran, to which reference is made in the enclosures to India Office letter of the 3rd of April* (a copy of which was forwarded to you) may then be raised. This difficulty might to some extent be avoided, if the Secretary of State for Foreign Affairs is prepared to agree that it should be stipulated in any arrangements made for the establishment of commercial enterprises that in the event of any dispute or difficulty arising the matter should be referred to the Administrator whose decision should be final.

5. Copies of this letter are being sent to the India Office, Admiralty and Air Ministry.

I am, &c.,
A. J. HARDING.

C. 59285/28 [No. 44].

No. 319.

FOREIGN OFFICE to COLONIAL OFFICE.

SIR, Foreign Office, S.W.1, 18th September, 1928.

I AM directed by Lord Cushendun to acknowledge the receipt of your letter of 7th September† relative to the possible establishment of an Italian oil depot, and of other foreign commercial enterprises in general, at Kamaran.

2. In view of the fact that the Italian Ambassador's original inquiry on this subject was made in a personal interview, the position, as described in paragraph 3 of your letter, has been explained verbally to His Excellency, who expressed himself as satisfied with the explanation given, which he undertook to transmit to his government.

3. As regards the general question dealt with in paragraph 4 of your letter, the Acting-Secretary of State concurs in Mr. Secretary Amery's view that persons of whatever nationality who seek to establish commercial enterprises at Kamaran or to lease land there should be informed that no assistance can be given to them by the authorities in the island. He also agrees that it should be explained to such applicants that they are at liberty to make such arrangements as they wish with private individuals in the island, subject to those arrangements being in accordance with any rules or requirements laid down by the local administration for securing the public safety and the well-being of the inhabitants.

4. Lord Cushendun considers, however, that it would be preferable not to lay down any definite rule, as suggested in the latter part of paragraph 4 of your letter, regarding the stipulations to be made in any arrangements which may be concluded in future for the establishment of commercial enterprises in Kamaran. Apart from the fact that foreign governments might raise objections to such stipulations, and would retain their right to make diplomatic representations in support of

* No. 299. † No. 318.

their subjects if they considered the rights of those subjects infringed by the administrator's decisions, the circumstances of each case are likely to differ, so that a definite rule in the matter might prove inapplicable in particular instances. In these circumstances, I am to suggest, for Mr. Amery's consideration, that any case which may arise should as far as possible be dealt with on its merits, as and when it arises. The Acting-Secretary of State presumes that there will be no difficulty in arranging for the matter to be dealt with telegraphically if an urgent decision should be required in connection with any particular application by a foreign commercial concern to establish itself in the island.

I am, &c.,
H. J. SEYMOUR.

C. 59285/28 [No. 45].

No. 320.

THE SECRETARY OF STATE to THE RESIDENT.

[*Answered by No.* 321.]

(Confidential.)

SIR, Downing Street, 8th October, 1928.

I HAVE the honour to refer to Sir S. Symes's Confidential despatch No. 139 of the 15th of August* in regard to the possible establishment of an Italian oil depot, and of other foreign commercial enterprises at Kamaran, and to transmit to you copies of correspondence† exchanged between the Foreign Office and Colonial Office on the subject.

2. You will observe that the Secretary of State for Foreign Affairs concurs in my view that persons of whatever nationality who seek to establish commercial enterprises at Kamaran or to lease land there should be informed that no assistance can be given to them by the authorities in the Island; and that it should be explained to such applicants that they are at liberty to make such arrangements as they wish with private individuals in the Island subject to those arrangements being in accordance with any rules or requirements laid down by the local Administration for securing public safety and the well-being of the inhabitants.

3. As regards the possibility of stipulating that where a difficulty or dispute arises out of such arrangements the decision of the Administrator should be accepted, I am disposed on further consideration to accept the view of the Secretary of State for Foreign Affairs, and to leave any case which may arise to be dealt with on its merits as and when it arises. You will, of course, communicate with me in any case of doubt or difficulty, if necessary, by telegraph, and I should be glad to receive particulars of any foreign commercial concern which may establish itself in the Island.

I have, &c.,
L. S. AMERY.

C. 59285/28 [No. 50].

No. 321.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 4th December, 1928.)

[*Answered by No.* 323.]

(Confidential.)
(No. 217.)

SIR, Residency Office, Aden, 21st November, 1928.

I HAVE the honour to refer to your Confidential despatch of the 8th October, 1928,‡ on the subject of the application by an Italian firm for permission to land a consignment of oil in Kamaran.

The Civil Administrator, Kamaran, has informed me that, contrary to the statement of the Italian Ambassador on the 1st August, no permission was given to the "Scitar" Company to land oil on the island.

The facts of the matter are that in April last a prospective agent of the Company in Hodeihah asked the Civil Administrator's permission to come to Kamaran to discuss with him the question of the sale of petroleum on the island. This permission only

* No. 317. † Nos. 314, 318, and 319. ‡ No. 320.

was given, and I think wilfully misinterpreted by the agent to apply not only to the proposed discussion but also to the landing of a consignment of oil.

The action of the Civil Administrator was strictly correct.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69285/29 [No. 4].

No. 322.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 325.]

SIR, Foreign Office, S.W.1, 4th February, 1929.

WITH reference to Foreign Office letter 26th January,* and to your letter of 7th September last,† I am directed by Secretary Sir Austen Chamberlain to transmit to you the accompanying translation of a memorandum from the Italian Chargé d'Affaires relative to the alleged attitude of the British Administrator at Kamaran towards the desire of the Società Italo-Araba dei Petroli, known as the "Scitar," to establish an oil depot on the island.

2. I am to express the hope that if Mr. Secretary Amery sees no objection, a report on the latest developments of this question may be obtained by telegram from the Resident at Aden, and that Sir Austen Chamberlain may be furnished in due course with Mr. Amery's views as to the reply which should be returned to Count Rogeri's representations, as, if any grounds are given for the suspicion that His Majesty's Government may intend to pursue a commercial policy in Kamaran, to the exclusion of foreign interests, the whole question of the status of the island and of the *locus standi* of His Majesty's Government in such matters, is likely to be raised.

I am, &c.,
MONTEAGLE.

Enclosure in No. 322.

(Translation.)

AIDE MEMOIRE.

As the British Residency at Aden and the British Government are aware, a representative of the Hodeidah branch of the Società Italo-Araba dei Petroli (SCITAR) has, in accordance with instructions received from his directors, been endeavouring for several months to establish an oil depot on the island of Kamaran.

Up to the present he has not succeeded.

The SCITAR have informed the Italian Government that the British official superintending the international quarantine station is raising every kind of objection on grounds of the health point of view to the establishment of this depot or at least a depot of the proportions desired by the Scitar.

In contrast to this is the entirely privileged treatment, amounting almost to a monopoly, which Messrs. Besse's oil depot enjoys in the island.

Recollecting the spirit which governed the Anglo-Italian conversations at Rome generally and, in particular, what was said in the course of these conversations regarding the character of this Yemenite island, the Italian Government would like to see the early cessation of this attitude of the British official whose responsibility for the international quarantine station ought not, it appears, to be able legitimately to extend to the point of obstructing the development of the commercial activity of the Società Italo-Araba dei Petroli.

The Italian Embassy would therefore be grateful if the British Residency at Aden were requested to give the necessary instructions so that the Scitar's project can be carried out to such a degree as not to render it illusory.

The Italian Embassy would be glad to receive assurances in this sense.

ITALIAN EMBASSY,
LONDON,
29th January, 1929.

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* No. 328. † No. 318.

C. 69285/29 [No. 9].

No. 323.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 12.45 p.m., 7th March, 1929.)

TELEGRAM.

[*Answered by No.* 324.]

(Paraphrase.)

CONFIDENTIAL. 7th March. Please refer to your Confidential despatch No. 217 of 21st November.* I am informed by Secretary of State for Foreign Affairs that representations have been received from Italian Chargé d'Affaires alleging obstructive attitude on the part of the Administrator at Kamaran towards the endeavours of Scitar to establish oil depot on the Island. Foreign Office observe that if any grounds are given for the suspicion that His Majesty's Government may intend to pursue commercial policy in Kamaran, to the exclusion of foreign interests, it is likely that the whole question of the status of the Island and of the "position" of His Majesty's Government in such matters will be raised. Please report as soon as possible by telegraph any recent developments in this matter.—AMERY.

C. 69285/29 [No.14].

No. 324.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 4.7 p.m., 14th March, 1929.)

TELEGRAM.

(Paraphrase.)

12TH MARCH. Confidential. Your Confidential telegram of the 7th March.† On 14th December, 1928, Scitar asked for, and were given permission, by the Civil Administrator, Kamaran, to store in the village cases of kerosine not exceeding three hundred at one time. They have not subsequently taken advantage of the permission. With reference the second paragraph of my despatch of the 15th August, No. 139,‡ Besse landed eight thousand six hundred cases for storage in privately rented premises outside of village on 9th March, 1929. The Civil Administrator is aware of the instructions contained in your despatch of 8th October§ last year.

C. 69285/29 [No.15].

No. 325.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR, Downing Street, 28th March, 1929.

WITH reference to your letter of the 4th of February,‖ and to the letter from this Department of the 8th of March,¶ regarding the alleged attitude of the British Adminstrator at Kamaran towards the desire of the Società Italo-Araba dei Petroli, known as the "Scitar," to establish an oil depot on the island, I am directed by Mr. Secretary Amery to transmit to you, to be laid before Secretary Sir Austen Chamberlain, the accompanying copy of a telegram** on the subject which has been received from the Resident at Aden.

2. I am to suggest that, if Sir Austen Chamberlain sees no objection, the Italian Chargé d'Affaires should be informed that His Majesty's Government understand that the Italian Society have been granted permission to store in the village the quantity of kerosene for which the Society applied, but that they have not taken advantage of the permission; that it is apparently true that Mr. Besse has landed quantities of kerosene for storage, but this is for storage in privately rented premises outside the village.

3. The Italian Chargé d'Affaires might also be informed that the Civil Administrator's instructions are that he should give no assistance to persons who desire to

* No. 321. † No. 323. ‡ No. 317. § No. 320. ‖ No. 322.
¶ C. 69285/29 [No. 10] : not printed. ** No. 324.

establish commercial enterprises at Kamaran or to lease land there, but that he should explain to any applicants that they are at liberty to make such arrangements as they wish with private individuals, subject to those arrangements being in accordance with any rules or requirements laid down by the local administration for securing public safety and the well-being of the inhabitants.

I am, &c.,
H. R. COWELL.

C. 69285/29 [No.19].

No. 326.

FOREIGN OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State, transmits herewith copies of a letter to the Italian Ambassador, dated 11th April, on the subject of the desire of the Italian Company, "Scitar," to establish an oil depot at Kamaran.

Foreign Office,
12th April, 1929.

Reference to previous correspondence: Colonial Office letter of 28th March, 1929.*

Enclosure in No. 326.

YOUR EXCELLENCY, Foreign Office, S.W.1, 11th April, 1929.

ON the 29th January last Count Rogeri was so good as to communicate to me a memorandum respecting the desire of the Società Italo-Araba dei Petroli to establish an oil depot in the island of Kamaran.

2. Inquiries have now been made into this matter, and it is understood that the representative of the Italian Company in question has been granted permission to store in the village of Kamaran the quantity of kerosene for which he applied, though it appears that advantage has not yet been taken of this permission. As regards the oil landed by Mr. Besse, to which reference was also made in Count Rogeri's memorandum, the position appears to be that Mr. Besse has landed quantities of kerosene for storage in the island, but this is for storage in privately rented premises outside the village.

3. So far as concerns the general question of commercial undertakings in Kamaran, I have the honour to inform your Excellency that the Civil Administrator's instructions are to the effect that he should give no assistance to persons who desire to establish commercial enterprises at Kamaran or to lease land there, but that he should explain to any applicants that they are at liberty to make such arrangements as they may wish with private individuals, subject to those arrangements being in accordance with any rules or requirements laid down by the local Administration for securing the safety and well-being of the inhabitants.

I have, &c.
(for the Secretary of State),
MONTEAGLE.

His Excellency
Monsieur Antonio C. Bordonaro,
&c., &c., &c.

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3. Italian attitude in connexion with Police Arrangements.

C. 69297/29 [No. 9].

No. 327.

FOREIGN OFFICE to COLONIAL OFFICE.

(Confidential.)

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies, and, by direction of the Secretary of

* No. 325.

State, transmits herewith copies of telegraphic correspondence with His Majesty's Ambassador at Rome on the subject of the replacement of Aden Police at Kamaran by the Aden Levies.

Foreign Office,
17th January, 1929.

Reference to previous correspondence: Colonial Office letter of 24th December.*

Enclosure 1 in No. 327.

SIR R. GRAHAM, ROME, to FOREIGN OFFICE.

(Received 6.30 p.m., 11th January, 1929.)

TELEGRAM.

No. 3. 11TH JANUARY. Eastern Department's letter of 2nd January regarding Kamaran.

In view of last paragraph of enclosure in my despatch No. 399 may I explain position confidentially to Italian Government. Otherwise danger of their misunderstanding our motives would I think be considerable.

Enclosure 2 in No. 327.

FOREIGN OFFICE to SIR R. GRAHAM, ROME.

(Sent 6 p.m., 15th January, 1929.)

TELEGRAM.

No. 24. YOUR telegram No. 3 of 11th January, replacement of proposed Kamaran Police Force by Aden Levies.

Please explain matters confidentially to Italian Government as you propose, emphasising facts that new system is being adopted for sake of economy and that there is little or no practical difference between Police and Levies recruited in Aden.

It had originally been intended to explain position orally to Italian Ambassador here.

C. 69297/29 [No. 15].

No. 328.

FOREIGN OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State, transmits herewith copy of a despatch from His Majesty's Ambassador, Rome, on the subject of the replacement of Aden Police in Kamaran by Aden Levies.

Foreign Office,
26th January, 1929.

Reference to previous correspondence: Foreign Office letter 17th January.†

Enclosure in No. 328.

(No. 41.)

SIR, British Embassy, Rome, 18th January, 1929.

WITH reference to your telegram No. 24 of the 15th instant on the subject of the proposal to maintain a troop of Aden Levies in Kamaran as an alternative to the institution of a native Police Force there, I have the honour to inform you that a member of my staff communicated this information yesterday in confidence to Signor Tuozzi, head of the competent section of the Ministry of Foreign Affairs.

2. Signor Tuozzi replied, speaking for himself, His Majesty's Government had doubtless ample justification if they decided, for reasons of economy, to make the proposed change of plan. He would, however, permit himself to add, again speaking

* C. 59297/28 [No. 142]: not printed. † No 327.

personally that the Italian Government found the general position at Kamaran rather unprofitably obscure. For example, a recent attempt to set up an Italian depôt for the distribution of oil in Yemen had been meeting with inexplicable minor obstruction. Again, the attitude of a certain official on the island (he was, to speak from memory, a British officer in the Indian Army) had been reported to be not particularly friendly towards Italy.

3. Signor Tuozzi explained that he merely made these additional remarks *en passant;* such representations as they had necessitated had, he believed, already been made through the Italian Embassy in London, and he was not even suggesting that I should report them to you. The status of Kamaran was reserved for future discussion; and minor misunderstandings could not but be expected to crop up so long as the present anomalous position there continued to exist.

I have, &c.,
R. GRAHAM.

The Right Honourable
Sir Austen Chamberlain, K.G., M.P.,
&c., &c., &c.

C. 69297/29 [No. 18].

No. 329.

THE SECRETARY OF STATE to THE RESIDENT.

(Confidential.)

SIR, Downing Street, 18th February, 1929.

I HAVE the honour to transmit to you a copy of a despatch* from His Majesty's Ambassador at Rome in regard to Kamaran.

2. I should explain that in the course of the discussions which are proceeding in regard to the incidence of the cost of the Police Forces for Aden and Perim and Kamaran, a proposal has been made that, should it prove impossible to reach a settlement by other means, His Majesty's Government should undertake the task of providing at their sole expense a force of such size as they think necessary to carry out the internal security duties in the Island, which they would be prepared to do by means of detachments from the Aden Protectorate Levies, the Government of India then retaining sole responsibility, both financial and administrative, for the Police Force on the mainland.

3. I thought it well to consult the Secretary of State for Foreign Affairs as to whether such action was likely to bring forth a protest from the Italian Government and, as you will see, the proposal has been communicated confidentially to the Italian Foreign Office

I have, &c.,
L. S. AMERY.

C. 69297/29 [No. 28].

No. 330.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 333.]

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State, transmits herewith copy of a despatch from His Majesty's Ambassador, Rome, on the subject of the proposed replacement of Kamaran Police by Aden Levies, for such observations as Mr. Secretary Amery may desire to offer.

Foreign Office,
February, 1929.

Reference to previous correspondence: Foreign Office Letter, 26th January.†

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* Enclosure in No. 328. † No. 328.

Enclosure in No. 330.

(No. 125.)

SIR, British Embassy, Rome, 13th February, 1929.

IN continuation of my despatch No. 41 (54/6/29) of the 12th ultimo, on the subject of the proposal to maintain a troop of Aden levies in Kamaran as an alternative to the institution of a native police force there, I have to-day received an informal communication from the Ministry of Foreign Affairs in the following sense.

2. The Italian Government, whilst not regarding the maintenance of a small detachment of Aden Levies at Kamaran as presenting any serious difficulties, given the explicit declarations made in paragraph 4 of the Rome conversations of 7th February, 1927, point out that it might none the less lend itself to erroneous interpretations locally, on the part especially of the Yemen—misinterpretations which, in the delicate political situation at present existing in the Red Sea, it would be in the common interest to avoid. The Italian Government would therefore be grateful if His Majesty's Government would consider the possibility of reverting to their previous decision to institute a body of native police.

3. I have in reply confined myself to a verbal message to Signor Tuozzi to the effect that I am bringing the above to your notice.

I have, &c.,
R. GRAHAM.

The Right Honourable
Sir Austen Chamberlain, K.G., M.P.,
&c., &c., &c.

C. 69297/29 [No. 33].

No. 331.

COLONIAL OFFICE to AIR MINISTRY.

[*Answered by No.* 332.]

SIR, Downing Street, 21st March, 1929.

WITH reference to your letter of the 2nd of March,* and to previous correspondence, regarding the future organization of the Aden Police, I am directed by Mr. Secretary Amery to transmit to you, for any observations which the Air Council may have to offer, the accompanying copy of correspondence† with His Majesty's Ambassador at Rome and the Resident at Aden, relative to the proposal to maintain a troop of Aden Levies in Kamaran as an alternative to the institution of a native police force on the Island.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 39].

No. 332.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 9th April, 1929.

I AM commanded by the Air Council to refer to your letter of the 21st March,‡ enclosing a copy of correspondence with His Majesty's Ambassador at Rome relative to the policing of Kamaran Island.

The Air Council apprehend that any objections raised by the Italian Government in this matter are really directed to the position of Great Britain in regard to the occupation of the Island on any terms and that any objections to its being garrisoned by levies as an alternative to native police are purely secondary in character.

For the present the Air Council do not consider it possible to say definitely whether the permanent arrangements for the garrisoning of Kamaran will be by police or by levies; a decision on that matter must depend upon a settlement as between the Home Government and the Indian Government in regard to the organization and

* No. 249. † No. 329 and Enclosures to Nos. 328 and 330. ‡ No. 331.

financial responsibility for the Police Forces In view, however, of the desire of the Government of India to disinterest itself from all matters relative to Kamaran it seems likely that it would be administratively more convenient to retain permanently a platoon of levies at Kamaran than to garrison the place by a section of armed police.

The Air Council consider that any possible interests of the Italian Government could not be affected by a decision to that effect, and they are at a loss to understand why the Italian Ministry for Foreign Affairs should express any preference for the institution of a body of native police in preference to levies, unless they are under the impression that the native police would be recruited from Kamaran itself whereas, as Mr. Secretary Amery will be aware, this is in any case not intended. The alternatives would be (1) garrisoning by levies recruited from the Aden Protectorate; (2) garrisoning by armed police recruited either from India or again from the Aden Protectorate.

I am, &c.,
J. A. WEBSTER.

C. 69297/29 [No. 42].

No. 333.

COLONIAL OFFICE to FOREIGN OFFICE.

[*Answered by No.* 334.]

SIR, Downing Street, 22nd April, 1929.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of February,* forwarding a copy of a despatch from His Majesty's Ambassador at Rome regarding the proposed maintenance at Kamaran of a troop of Aden Levies for police purposes, and to transmit to you, to be laid before Secretary Sir Austen Chamberlain, the accompanying copy of a letter† from the Air Ministry on this subject.

2. I am to say that Mr. Amery shares generally the views expressed by the Air Ministry in their letter, and doubts whether the alternative to the maintenance of Levies at Kamaran, viz., the maintenance of a force of Native *Indian* Police from Aden has been fully appreciated by the Italian Government.

3. I am to explain that it would not, at present, be possible to arrange for the necessary police force for the Island to be recruited from Kamaran itself. Moreover, it would be much more costly to provide Indian Police than Levies and from the financial standpoint, therefore, this course does not commend itself to Mr. Amery. In these circumstances, he proposes to proceed with the arrangements contemplated for the continued maintenance there for police duty of Levies recruited from the Aden Protectorate.

4. Mr. Amery would be glad to be furnished with a copy of any communication which the Secretary for Foreign Affairs may see fit to make to His Majesty's Ambassador at Rome on this subject for communication to the Resident at Aden, by whom the question was recently discussed with the Governor of Eritrea, on the occasion of Sir S. Symes's recent visit to Asmara.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 54].

No. 334.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 335.]

SIR, Foreign Office, S.W.1, 4th May, 1929.

WITH reference to your letter of 22nd April,‡ relative to the proposed maintenance at Kamaran of a troop of Aden Levies for police purposes, I am directed by Secretary Sir Austen Chamberlain to request you to invite Mr. Secretary Amery's attention to the instructions given to His Majesty's Ambassador at Rome in Foreign Office despatch No. 780 of 22nd June, 1928, of which a copy was enclosed in Foreign Office letter of 26th June.§

2. In view of the statement made therein, on the authority of the Air Ministry's letter of 13th June,‖ that the police required for the Island of Kamaran would probably

* No. 330. † No. 332. ‡ No. 333. § C. 59297/28 [No. 46]: not printed.
‖ C. 59297/28 [No. 42]: not printed.

be recruited in the Aden Protectorate, the Secretary of State feels that it would be somewhat difficult now to inform the Italian Government, as suggested in your letter under reply, that, by " native " police, native police from India had always been intended. I am therefore to request that, in order that he may be enabled to reply to the Italian Government's communication reported in Sir R. Graham's despatch No. 125 of 13th February,* Sir Austen Chamberlain may be furnished with more detailed information as to the reasons which render it impracticable to recruit the suggested Police Force not only from Kamaran itself but from the Aden Protectorate, as was contemplated last year.

3. Copies of this letter are being sent to the Air Ministry and India Office

I am, &c.,
MONTEAGLE.

C. 69297/29 [No. 57].

No. 335.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR, Downing Street, 7th May, 1929.

I AM directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 4th of May,† in regard to the policing of Kamaran, and to state for the information of Secretary Sir Austen Chamberlain that, pending a satisfactory settlement between His Majesty's Government and the Government of India as to the incidence of the cost of a Police Force to be recruited at Aden, it has not at present been possible to proceed with the training and recruitment of this force. I am to explain that in paragraph 2 of the letter from this Department of the 22nd April,‡ reference was intended to the alternatives immediately possible.

2. The subject is still under negotiation between His Majesty's Government and the Government of India, but even if a settlement is reached in the near future, providing for the adoption of the scheme originally proposed for the recruitment at Aden of a force of Police sufficient to provide, *inter alia*, for the policing of Kamaran, it is unlikely that it would be possible for a trained police force to be made available for that service until a considerable period has elapsed.

3. In these circumstances, and, on the recommendation of the Air Ministry, Treasury approval is being sought for the maintenance of two additional platoons for the Levies at Aden up to July, 1930, with a view to providing the necessary force for the policing of Kamaran.

4. As regards the possibility of recruiting police locally at Kamaran, I am to observe that, so far as Mr. Amery is aware, the population of the Island consists principally of the quarantine establishment who would not be available for police services, and that the remainder of the population belongs to the native fishing community. These latter are, it is understood, Arabs of an inferior type from whom suitable recruits could not be raised.

I am, Sir,
H. R. COWELL.

C. 69297/29 [No. 69].

No. 336

FOREIGN OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State, transmits herewith copy of a despatch to His Majesty's Ambassador, Rome, on the subject of the Kamaran Police Force.

Reference to previous correspondence: Colonial Office letter of 7th May.§

Foreign Office,
21st May, 1929.

Similar letter sent to India Office and Air Ministry.

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* Enclosure in No. 330. † No. 334. ‡ No. 333. § No. 335.

Enclosure in No. 336.

(No. 627.)

SIR, Foreign Office, S.W.1, 17th May, 1929.

WITH reference to your despatch No. 125 (54/9/29) of 13th February regarding the policing of the Island of Kamaran, I transmit to Your Excellency the accompanying copies of correspondence* with the Colonial Office on this question.

2. This correspondence will make the position clear to you, and you are authorized, after perusing it, to give the Italian Government, orally and confidentially, such explanations on the subject as you may consider necessary or desirable.

I am, &c.
(for the Secretary of State),
G. W. RENDEL.

His Excellency,
The Right Honourable
Sir R. W. Graham, G.C.M.G., G.C.V.O.,
&c., &c., &c.,
Rome.

C 69297/29 [No. 94].

No 337.

HIS MAJESTY'S AMBASSADOR AT ROME to THE SECRETARY OF STATE FOR FOREIGN AFFAIRS.

(Copy received in Colonial Office, 6th July, 1929.)

(No. 417.)
(54/13/29.)

SIR, British Embassy, Rome, 26th June, 1929.

WITH reference to Sir Austen Chamberlain's despatch No. 627 of 17th May,† regarding the policing of the island of Kamaran, I have the honour to inform you that the situation has been explained orally and confidentially to Signor Tuozzi, head of the competent department of the Ministry of Foreign Affairs.

2. Signor Tuozzi, after expressing thanks for the communication made to him, remarked that he would not conceal the fact that the policy of His Majesty's Government with regard to Kamaran continued to cause a certain amount of misgiving among the Italian representatives in that part of the world. They were inclined to construe minor incidents as evidence of an intention on our part to effect a "gradual occupation" of the island. The Italian Government did not suggest that His Majesty's Government had in any respect departed from the terms of the Rome conversations. But the situation in South West Arabia was a delicate one, and in such an atmosphere misunderstandings, which might have their reactions on native opinion, easily arose.

I have, &c.,
R. GRAHAM.

C. 69297/29 [No. 97].

No. 338.

HIS MAJESTY'S AMBASSADOR AT ROME to THE SECRETARY OF STATE FOR FOREIGN AFFAIRS.

(Copy received in Colonial Office 24th July, 1929.)

[*Answered by No.* 344.]

(No. 465.)

SIR, British Embassy, Rome, 12th July, 1929.

I HAVE the honour to report, with reference to my despatch No. 417 (54/13/29), of 26th June,‡ that I have received from the Italian Ministry of Foreign Affairs a further informal communication in regard to the policing of Kamaran. This document, after thanking me for the explanations given to Signor Tuozzi, as reported in my above-mentioned despatch, proceeds to state that the Ministry of Foreign

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* Nos. 333, 334, and 335. † Enclosure in No. 336. ‡ No. 337.

Affairs feel obliged to point out that the presence of British regular troops, although destined to guarantee the international character of the quarantine station of Kamaran and consisting merely of a small detachment with the character of a police force, cannot fail to lend itself, in the neighbourhood of the Arabian Peninsula, to mistaken apprehensions of a disguised British occupation of the island.

2. The Italian Government do not, the communication continues, know whether His Britannic Majesty's Government have other motives to justify, in British interests, the maintenance of this detachment, but they declare themselves ready, if informed of them, to examine them in the friendliest spirit of that sincere collaboration which the two countries, according to the letter and the spirit of the Rome conversations of 1927, decided to pursue in the Arabian Peninsula and the Rea Sea, and which has so far proved of value to the interests of both.

3. Since, in these conversations, the two Governments decided, by common agreement, to determine the particular character of some of the islands of the Red Sea (Kamaran included), the Italian Government declare themselves disposed, in order to avoid any local misunderstanding, to offer their collaboration in the maintenance of order in the island—so long as the British Government consider it necessary to maintain their detachment at Kamaran—by the despatch of a similar small detachment of "Ascari."

4. In compliance with the request of the Ministry of Foreign Affairs, I should be glad to be enabled to inform them in due course what view is taken by His Majesty's Government of this communication.

I have, &c.,
R. GRAHAM.

C. 69297/29 [No. 119].

No. 339.

COLONIAL OFFICE to INDIA OFFICE.

[*Answered by No.* 342.]

Downing Street, 1st August, 1929.

SIR,

I AM directed by Lord Passfield to inform you that he has been furnished with a copy of a despatch from His Majesty's Ambassador at Rome to the Secretary of State for Foreign Affairs dated the 12th July,* in regard to the status of Kamaran. It is understood that copies of that despatch have also been furnished to the India Office and to the other Departments interested. That despatch quoted an informal communication from the Italian Ministry of Foreign Affairs in regard to the policing of Kamaran, and stated that the feeling of the Ministry was that the presence of British regular troops, although destined to guarantee the international character of the quarantine station of Kamaran and consisting merely of a small detachment with the character of a police force, cannot fail to lend itself, in the neighbourhood of the Arabian Peninsula, to mistaken apprehensions of a disguised British occupation of the Island. The communication, after referring to the Rome conversations of 1927, stated that the Italian Government declared themselves disposed, in order to avoid any local misunderstanding, to offer their collaboration in the maintenance of order in the Island so long as the British Government considered it necessary to maintain their detachment at Kamaran by the despatch of a similar small detachment of "ascari"

2. This despatch was considered at an Interdepartmental Conference held at the Colonial Office on the 25th July,† at which representatives of the Colonial Office, the Treasury, the India Office, the Foreign Office, the Air Ministry, and the Admiralty were present. The draft minutes of that Conference have been circulated semi-officially and revised copies will be sent to you as soon as they have been printed.

3. Lord Passfield fully concurs in the opinion reached by the Conference, namely, that the objections to the entertaining of the Italian proposals to what would amount to a joint occupation of the Island are insuperable, and that it is very desirable that no arrangement should be adopted for the policing of Kamaran which could justify the pressing of the proposals.

4. It was agreed by the Conference that matters would be facilitated if the Ambassador in Rome were in a position to inform the Italian Government that Kamaran was in future to be policed not by regular forces nor by Levies, but by civil police in accordance with the arrangements communicated to the Italian Government on 24th April, 1928,‡ and accepted by them in their note of 18th May, 1928.

* No. 338. † No. 20. ‡ C. 59297/28 [No. 41]: not printed.

5. In order that the Ambassador may be in a position to make such a communication, it is essential that the Government of India should agree, in connection with the arrangements now under consideration for the police force in Aden, to provide a detachment for service in Kamaran. It is understood that, in the event of the Government of India accepting responsibility for the policing of Kamaran, the Treasury will be prepared to increase their contribution to the cost of the Aden civil police force by a sum which would be approximately equal to the cost of the Levies at present intended to be employed in Kamaran, but which should not exceed the actual cost of the local detachment of civil police to be stationed on the Island; the size of the detachment being agreed in consultation between the Imperial Government and the Government of India. It is understood that approximately thirty men would be required for this detachment; and on political grounds and in view of the general attitude of the Italian Government, it is very desirable that these men should be locally recruited, and should not come from India.

6. Subject to the concurrence of the Treasury, to whom a copy of this letter is being sent, I am to request that the Secretary of State for India will be good enough to recommend to the Government of India the above modification of the arrangement for the Aden police now under consideration, and will ask for a reply with the minimum of delay. The Secretary of State for India would, no doubt, explain to the Government of India the situation which necessitates this modification of the original proposal.

7. Pending the receipt of a reply from the Government of India, Lord Passfield proposes to suggest to the Secretary of State for Foreign Affairs that no reply should be sent to the Italian communication to which reference has been made. It is, however, obviously desirable that every effort should be made to expedite a decision in the matter.

I am, &c.,
H. R. COWELL.

C 69297/29 [No. 120].

No. 340.

COLONIAL OFFICE to TREASURY.

SIR,

Downing Street, 1st August, 1929.

WITH reference to the Interdepartmental Conference held at the Colonial Office on the 25th July, 1929,* to discuss the question of the status of Kamaran, I am directed by Lord Passfield to transmit to you a copy of a letter† which has been addressed to the India Office, and to ask that the consent of Their Lordships may be obtained to the proposals contained therein.

2. I am to take this opportunity of transmitting herewith a copy of a letter of the 15th June, 1929,‡ addressed to the Under-Secretary of State for India.

I am, &c.,
H. R. COWELL.

C. 69297/29 [No. 121].

No. 341.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR,

Downing Street, 1st August, 1929.

WITH reference to Foreign Office semi-official note of the 24th July, forwarding despatch No. 465 of the 12th July, 1929,§ from His Majesty's Ambassador at Rome, I am directed by Lord Passfield to transmit to you, for the information of Mr. Secretary Henderson, a copy of a letter† which has been addressed to the India Office on the subject of the arrangements for the policing of Kamaran, and to inform you that on receipt of a reply from that Office, a further communication will be addressed to you.

2. Copies of the enclosure have been forwarded to the Treasury, Air Ministry, and Admiralty.

I am, &c.,
H. R. COWELL.

* No. 20. † No. 339. ‡ No. 254. § No. 338.

C. 69297/29 [No. 148].

No. 342.

INDIA OFFICE to COLONIAL OFFICE.

[*Answered by No.* 343.]

SIR, Whitehall, London S.W.1, 29th August, 1929.

IN reply to Mr. Cowell's letter of the 1st August,* in regard to the future arrangements for the policing of Kamaran, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for the Colonies, copy of the extracts enclosed for telegraphic correspondence with the Viceroy.

2. Mr. Benn is in agreement with the Government of India as to the conditions on which the liability for the policing of Kamaran should be accepted by them. He would be glad to be informed that those conditions are accepted by the Secretary of State for the Colonies, and to receive confirmation of his assumption that the additional contribution from Imperial revenues in respect of the policing of the Island will be excluded from the military budget.

3. Copies of this letter are being sent to the Foreign Office, Air Minisry, Admiralty, and Treasury.

I am, &c.,
P. J. PATRICK.

Enclosure 1 in No. 342.

EXTRACT FROM TELEGRAM No. 2476, DATED 8TH AUGUST, FROM SECRETARY OF STATE FOR INDIA TO VICEROY, FOREIGN AND POLITICAL DEPARTMENT. REPEATED TO THE GOVERNOR OF BOMBAY No. 2477, AND RESIDENT AT ADEN, No. 2478.

I SHOULD be glad if you would refer to Rome despatch of 12th July, of which copy was sent to the Government of India by mail of 25th July. Proposal by Italy that policing of Kamaran should be shared in by her. Proceedings of Interdepartmental Conference to consider question were sent by mail of 8th August. The conclusion reached by Conference was that proposal in question would be tantamount to joint occupation and must be rejected, but that in order to avoid pressing of Italy's demand, proposed policing of Kamaran by levies should be abandoned; and that Government of India should be asked to find in permanent replacement, detachment from regular Aden police force of armed civil police. Detachment, in deference to Italian susceptibilities, to be recruited locally and not from India. Its strength would be for agreement between the Home Government and India, but approximately 30 men are considered sufficient by Imperial Departments as at present advised. The contribution to cost of Aden police would be increased by Treasury by amount not exceeding actual cost of police detached to Kamaran, and approximately equal to that of levies at present intended to be employed. . . . . Though with some reluctance . . . . . I agree that solution proposed is, in circumstances, only one practicable, and I trust that you will be prepared to accept it on understanding that no cost would fall on Indian revenues.

Please telegraph as early as possible whether you agree as answer to Italians is being postponed for your reply. If possible I should be glad to receive simultaneously reply to my telegram 2057, Aden Police of 28th June.

Enclosure 2 in No. 342.

EXTRACT FROM PARAPHRASE TELEGRAM FROM VICEROY, FOREIGN AND POLITICAL DEPARTMENT TO SECRETARY OF STATE FOR INDIA, No. 2581-S., DATED 26TH AUGUST, 1929.

PROVIDED all indirect as well as direct charges are included in the cost of extra police which His Majesty's Government offered to pay, Bombay in view of the important political issues involved agree to police Kamaran. With this we agree. Exact calculation of cost of the Kamaran force as a separate item is not, however, possible as it forms an integral part of the Gerrard Scheme nor, as isolation of Kamaran necessitates special supervision and reserves, &c., necessary, could it be

* No. 339.

assessed as a proportion of the cost of the whole force. Recurring cost, excluding Kamaran, is calculated by Resident to be Rs. 340,000, and including it Rs. 375,000. While this has not been checked, the view that additional contribution on account of Kamaran of about £3,000 per annum (or same as cost of levies previously proposed) would be reasonable, is supported by it. Our considered recommendations regarding the Aden police force as a whole will follow as soon as possible. Assurance to Italian Government may meanwhile be given on condition that about £3,000 will be added by His Majesty's Government on this account to contribution (which, however, we should not be regarded as accepting at this stage) of £5,000 already offered.

Foregoing refers to your telegram No. 2476, dated 8th August. Kamaran.

C. 69297/29 [No. 159].

No. 343.

COLONIAL OFFICE to INDIA OFFICE.

SIR, Downing Street, 13th September, 1929.

I AM directed by Lord Passfield to acknowledge the receipt of your letter of the 29th of August,* regarding the future arrangements for the policing of Kamaran.

2. In reply, I am to state, for the information of Mr. Secretary Benn, that Lord Passfield accepts the conditions for policing Kamaran proposed by the Government of India and confirms Mr. Benn's assumption that the additional contribution from Imperial revenues will be excluded from the military budget.

I am, &c.,
F. J. HOWARD.

C. 69297/29 [No. 175].

No 344.

LORD MONTEAGLE (FOREIGN OFFICE),

to

HIS MAJESTY'S CHARGE D'AFFAIRES, ROME.

(Copy received in Colonial Office, 11th October, 1929.)

(No. 1155.)

SIR, Foreign Office, S.W.1, 7th October, 1929.

THE informal communication addressed to Sir R. Graham by the Italian Ministry for Foreign Affairs on the question of the policing of the island of Kamaran in the Red Sea, which was reported in His Excellency's despatch No. 465 (54/15/29) of 12th July,† has engaged my attention, in consultation with the other Departments of His Majesty's Government concerned.

2. The proposal of the Italian Ministry for Foreign Affairs that the Italian Government should collaborate in the maintenance of order in the island of Kamaran by the despatch of a small detachment of Ascari, is open to various administrative and practical objections, and His Majesty's Government regret that they cannot therefore agree to it. You should, however, inform the Italian Government that steps have now been taken to overcome the technical difficulties which have hitherto delayed the arrangements for the establishment in the island of locally recruited native police, and that the policing of the island will in future be carried out, not by regular forces or by Levies, but, in accordance with the arrangements communicated to the Italian Government on 24th April, 1928, and accepted by them in their note of 18th May, 1928, by civil police recruited in the Aden Protectorate.

3. You will recollect that it was explained in my predecessor's despatch No. 780 of 22nd June, 1928,‡ that it was probable that the police required for Kamaran would have to be recruited in the Aden Protectorate, and you will no doubt remind the Italian Government of the communication addressed to them on that occasion, should they inquire why the police are not being recruited in the island itself.

I am, &c.
(for the Secretary of State),
MONTEAGLE.

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* No. 342. † No. 338. ‡ C. 59297/28 [No. 46] : not printed.

C. PROTECTORATE AFFAIRS.

1. Station Ship.

C. 59289/28 [No. 13].

No. 345.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 4.21 p.m., 15th March, 1928.)

TELEGRAM.

15TH MARCH, 1928. No. 48. Your telegram of 2nd March* regarding Station ship.

Contract terminating 30th September was signed by the Government of India Marine Department after consultation with me. Since the 30th of September the same conditions have been continued without formal extension of contract. Terms of contract were as follows:—(*a*) Contractor conveys personnel and stores, &c., to the Red Sea Perim Lighthouses at the cost of rupees 1900 per trip which is paid by the Board of Trade. Trip is combined with normal commercial purposes of the voyage. (*b*) If military reliefs are carried open (usually quarterly) contractor provides larger vessel, rupees 1200 per day, trip lasting 6 to 7 days. Cost borne by the Government of India less Board of Trade contribution on basis (*a*). (*c*) Monthly supply of stores to Perim and Kamaran can be arranged by vessels ordinarily visiting these islands at commercial rates. (*d*) Reference your statement that senior officer can make visit by aeroplane I would point out that the Resident or other Senior Officer should visit the limit of his charge at least once a year. Socotra, Mokalla and Kamaran, also Red Sea ports are not accessible by air, nor should His Majesty's Government representatives appear at these ports in vessels far less suitable than those in which even junior Italian officials constantly visit Red Sea ports.

I suggest that present arrangement continues until the Board of Trade hands over Administration of the ex-Turkish lighthouses.

Military requirements will cease but Police requirements will take their place and cannot be foreseen at present.

If necessary, a special ship can be chartered at rupees 1200 a day.

Copy of contract follows by mail.

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2. Miscellaneous Correspondence.

C. 69289/29 [No. 1].

No. 346.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 11th February, 1929.)

[*Answered by No.* 347.]

(No. 14.)
(Secret.)

SIR, The Residency, Aden, 30th January, 1929.

I HAVE the honour to submit that the time is ripe for consideration by His Majesty's Government of a constructive policy for the Aden Protectorate and our relations with its Chiefs. That the problem is, essentially, more an Imperial and Arab than an Indian concern has been recognised by transfer of control of Protectorate affairs to the Colonial Office. Nevertheless the existence of the Protectorate has hitherto been regarded as essential to the security of Aden Settlement which remains legally a part of British India and administratively under the Bombay Presidency. Where Imperial and Indian interests are so closely interwoven, and not always identical, as at Aden, I have apprehended that their proper reconciliation may be complicated if, at a future date, the Provincial (Bombay) Government were to be given a largely increased measure of autonomy. With this contingency in mind and also for administrative convenience I have suggested to the Government

* C. 59289/28 [No. 5]: not printed.

of India the desirability of making the Aden Settlement a local Government with a separate budget, and dependent from the Central Government at Delhi.

2. In any case while Aden retains importance as a fuelling base and port of transit—and I see no immediate reason for its decline—its security from attack by land and relations with the interior are matters of vital concern. The purposes for which the Protectorate was instituted were:—

(1) To interpose a barrier or neutral zone of friendly tribes between the Yemen and Aden Settlement.
(2) A *point d'appui* for commercial and other relations with south-west Arabia.
(3) An insurance against occupation by a Foreign power of ports or coastal tracts near the main line of our marine communications.

3. Before considering the extent to which these purposes are being, or are still required to be, achieved it will be relevant to describe very briefly the origin and circumstances of the existing Protectorate system.

In 1728, the Governor of Lahej—of the Shafei sect—threw off all allegiance to the Zeidi Imamate in the Yemen, seized Aden and became independent in alliance with the neighbouring (Shafei) tribes. In 1839, when the British occupied Aden, a treaty made with the Abdali Sultan of Lahej stipulated that His Majesty's Government should pay the stipends previously made by the Sultan to the Fadhli, Yafai, Haushabi and Amiri tribal chiefs in order to secure their goodwill. This was the beginning of the system of treaties which has provided the fabric of our Protectorate. Subsequently, some 30 separate treaties were made with local chiefs whereby, in return for "gracious favour and protection" and a fixed stipend, a chief engaged neither to have relations with nor to alienate territory to a foreign Power. Five of these treaties impose the further obligation on a chief to protect trade routes in his territory.

The zone within which British influence was more immediately felt may be said to be comprised by a semi-circle having a radius of about eighty miles with the Aden peninsula for its centre. In this zone are included the territorial districts of the tribes and tribal groups quoted in the previous paragraph. Beyond the zone to the east and in the Hadramaut, but especially on the sea coast, Great Britain was regarded as a kind of paramount power which while recognising home rule yet was ready to prevent alienation of territory to foreign nations and inter-tribal disputes which threatened the public peace and commerce The district of Behan, one of whose chiefs is in treaty relations with us, is isolated to the north-east of the zone. Sokotra Island is 300 miles distant by sea from Aden.

4. Prior to the war British influence in the Protectorate was rarely exerted by force. Usually we relied on grants of stipends and presents of arms and money to the more authoritative chiefs to promote our occasional interventions on behalf of public security and neighbourly relations. Our practice in this respect at times came near to indiscriminate buying of potential public nuisances, as witness a list of annual "presents and entertainment" received by 100 heads of families in the small but troublesome Subehi tribe. Nevertheless, treaty relations with the chiefs were maintained and the boundary of our Protectorate as delineated with the Turks in 1904 was kept inviolate until the war when the Turks over-ran the greater part of the zone referred to above. Zeidi soldiers of the Imam who occupied a lesser part afterwards were ejected mainly by Air operations last July.

5. In either a geographical or an ethnological sense the Protectorate is an artificial institution. Its boundary with the Yemen follows minor tribal divisions and separates a minority of the Shafei—a Sunni-Sect of Islam from the majority of their followers who pay unwilling allegiance to the Zeidi (Shia) Imam at Sana'a. The Imam regards its existence as being detrimental to his prestige as a Moslem ruler and also prejudicial to a satisfactory settlement of his Shafei problem in the Yemen. He suspects us of deliberate encouragement of Shafei opposition to his rule, especially among the chiefs of the Red Sea littoral. His sense of grievance is aggravated by knowledge that we neither tax nor administer our protégés. His hostility is a permanent and important factor in the situation.

6. We have thus been required to deal with the problems of a congeries of tribes and sub-tribes, several uncertain tribal confederations, and of two districts only—the Sultanates of Lahej and Mokalla (Hadramaut)—which present the semblance of an orderly native State. The tribesmen for the most part are wild, intensely conservative and used to modern firearms. The authority exercised by their chief is local and often precarious. Even a British officer travelling on duty has usually to obtain permission to enter a tribal territory and is expected to make presents in cash for the most trifling assistance he may receive. In these circumstances the continuance

of a policy of aloof indifference diluted with bribes will be difficult, and the success of our endeavours by diplomacy and, on occasion, by air force to ensure quiet, if not progress or trade development—in our Protectorate seems very problematical. It is, I consider, essential to decide on our future policy and to begin its execution at a time when, by the tardy fulfilment of our treaty obligation of protection, our prestige is higher than it was and other local circumstances are not unfavourable.

7. A possible policy, in view of the growth of the Arab National Movement and the emergence of an independent Yemen State, would be to renounce our Protectorate over the greater part of the territory and leave the inhabitants to the—not very tender—mercy of the Zeidi ruler. However satisfactory the effect on our immediate relations with the Imam, the inevitable consequence of this would be to make enemies of tribesmen who are now passively our friends and to leave them to a government which is I think incapable, so far away from its centre, of preventing their enmity finding constant expression in interference with trading caravans and other aggressive acts against us. A more serious objection is that it would be a flagrant violation of our treaty engagements with the chiefs and prejudicial to our good name and prestige in south-west Arabia. Similar objections can be urged against any considerable modification of the present boundary with the Yemen.

Another possible course would be to introduce a simple form of direct administration of the Protectorate or of such parts in the vicinity of Aden as may be required for the protection from sudden attack of the Air base and settlement. I feel sure that this would impair, if it did not altogether destroy, two of the more solid bases of our Protectorate system, viz., home rule and no taxation. It would certainly prove costly in view of the unproductive nature of the country, and troublesome on account of the unruly character of the inhabitants. I do not recommend it.

8. My view of the situation is briefly this. If we are to remain securely at Aden as of right and not on sufferance by an Arab ruler, a friendly hinterland in which our political influence will be paramount, is necessary. The Protectorate comprises all—perhaps more than—the hinterland required, and provided it could be given a suitable political system would adequately fulfil the three purposes quoted in paragraph 2 of this despatch. If we decide to maintain our Protectorate, the main problem will be how to promote such cohesion among the tribes as will enable them, with such assistance as we can afford, to present a common front against Zeidi aggression and for the better organisation of the territory. The solution of this problem must, I think, be sought along native and, as there is no local family which possesses attributes of sovereignty, federal lines. Its approach is bound to be slow, but can be facilitated by a policy of giving consistent support to those paramount chiefs who, in our opinion, are necessary for the proper ordering of the tribes, and by encouraging them to enter into closer relations with each other and with us. By these relations may be cultivated the sense of common interest and spirit of mutual confidence which could provide the basis for more regular and effective co-operation. It is noteworthy that in Baluchistan, where local conditions are not very dissimilar, the method of government by *Jirga*, or tribal councils, has given good results; and I conceive that it may be possible eventually to constitute in this Protectorate one or more Chief's Councils to be the central authority for the settlement by arbitration and otherwise of tribal affairs and to become the principal—and native—instrument of our political direction. We have a valuable agent for the promotion of such a policy in the present Sultan of Lahej, who by his hereditary position, personal qualities and proven loyalty is well fitted to preside, as *primus inter pares*, over any Council that may be assembled. I think that the consummation of a policy of this kind would not necessarily preclude, and might even increase, the likelihood of a future amicable settlement of the frontier and other questions now at issue between us and the Imam of the Yemen.

9. The effect of the policy on our treaty arrangements would require consideration. Circumstances have changed since the treaties were made. But it was felt that revision of them could not be undertaken while Turks and Zeidis were in occupation of tribal lands and also that considerations other than mere expediency should not be ignored. We have for our own purpose encouraged political separation of these tribes from the Yemen and it would not be right to withdraw our protection without first giving them an opportunity to organise for the maintenance of the independent status they profess to desire but, in many instances, have done little to ensue. If, however, tribal chiefs could successfully combine to form a native organ for the control of Protectorate affairs a single treaty imposing a collective guarantee might replace the present separate engagements. If not, we should consider ourselves free, after due notice had been given, to annul or amend the existing treaties in accordance with our needs. It is probable that knowledge of our intention

in this respect would be a further incentive to the chiefs to become amenable to our policy and requirements of them.

10. I intend in the latter half of March to convoke a meeting of as many as possible of the leading chiefs in order to make their acquaintance and confer with them collectively as to tribal dispositions for defence of the territory against any renewal of aggression for the Yemen. This meeting, which would be almost the first of its kind, will probably take place at Lahej and would provide a suitable occasion to discuss Protectorate affairs in general and to make discreet inquiry as to the extent of co-operation in an elementary organisation that may be expected from individual chiefs, and also as to the federal system which might be evolved in the near future.

Before I embark on an inquiry of this sort I should be grateful to receive, if possible by telegraph, your sanction and general observations on the tentative policy for the retention of the Protectorate and a better organisation of the territory which I have outlined in this despatch.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69289/29 [No. 10].

No. 347.

THE SECRETARY OF STATE to THE RESIDENT.

(Secret.)

SIR, Downing Street, 21st March, 1929.

I HAVE given careful consideration to the views which you expressed in your Secret despatch No. 14 of the 30th of January* as to the policy to be pursued in regard to the Aden Protectorate, and the relations between His Majesty's Government and the Protectorate tribes.

2. I have already sanctioned, by telegram,† the suggested discussion with the leading chiefs of the Protectorate and the discreet and tentative inquiries which you then intend to make. The constructive policy outlined in your despatch is in my opinion deserving of the fullest encouragement, but as you will observe from the accompanying copy of a letter from the India Office‡ on the subject, the Secretary of State for India desires that the Government of India should be afforded an opportunity to consider the correspondence before general approval is given to the scheme. I will address you further on the matter when it has been ascertained whether the Government of India have any observations to offer in the matter. In the meantime, I would merely draw your attention to the comments made in the India Office letter and to those made in the Air Ministry letter§ on the subject, copies of which are enclosed. A copy of the Air Ministry letter of the 22nd of January,‖ regarding the payments made to the chiefs of the Protectorate, accompanied my Secret despatch of the 31st of January.¶

I have, &c.,
L. S. AMERY.

C. 69289/29 [No. 18].

No. 348.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 22nd April, 1929.)

[*Answered by No.* 350.]

(No. 57.)

SIR, The Residency, Aden, 10th April, 1929.

I HAVE the honour to report that, at my suggestion, the Sultan of Lahej issued invitations to a number of the leading chiefs of this Protectorate to assemble and

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* No 346 † C. 69289/29 [No. 9]: not printed. ‡ C. 69289/29 [No. 8]: not printed.
§ C 69289/29 [No 7]: not printed ‖ C. 69271/29 [No 1]: not printed.
¶ C. 69271/29 [No 2]: not printed.

confer at Lahej between the 1st and 7th instants. His Highness's invitation was accepted by the following:—

The Upper Yafa Sultan and his father.
The Naqibs of the Mausatta, and the Hadhrami, Dhubi and Muflahi Sheikhs, all of Upper Yafa.
The Lower Yafai Sultan.
The Fadhli Sultan.
The Haushabi Sultan.
The Amir of Dhala.
The Lower Aulaqi Sultan.
The Qotaibi Sheikh.
The Alawi Sheikh.

2. I opened the conference ceremoniously at the Sultan's Palace on the morning of the 1st instant, and represented to the assembled chiefs the need for unity and co-operation between them in order to withstand Zeidi penetration and for the better organisation of the territory. I said that the degree of assistance they could expect in the future would depend on evidences of their desire and capacity to make a good use of the independence which was secured to them by the Protection of His Majesty's Government, and suggested the desirability of a formal statement of their good intentions. The matter was subsequently discussed by the chiefs among themselves and also at a further meeting with me at which I was asked for—and gave—assurance that their signature of a pact or statement of this kind would not *eo facto* invalidate their individual treaties with His Majesty's Government. Agreement on the principle and formula was reached eventually, and a pact—of which the English version is attached—was signed by each chief in my presence on the afternoon of the 6th instant.

3. Opportunities were taken during the week to discuss with the chiefs arrangements for their co-operation, collectively and individually, in a simple frontier defence scheme, and also for arbitration by the Sultan of Lahej in respect of certain inter-tribal disputes which have prevented peaceful development of cultivable lands in the Abian region between the Yafa and Fadhli tribal districts.

4. The proceedings were generally harmonious and the assembly, besides promoting a better understanding between individual chiefs, has I think led to a clearer realisation by them that existing treaties involve obligations as well as benefits, and that cohesion between the tribes is a common interest.

The presence at Lahej of a number of the Subeihi chiefs who lately submitted, but who were excluded from the meetings and social gatherings, afforded mute but tangible evidence of the ability of Government in case of need to assert authority by other means than arguments.

5. The arrangements made by the Sultan of Lahej for conference and hospitality were excellent and His Highness's personal ascendency with his fellow chiefs was shown on several occasions.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

Enclosure to No. 348.

WE chiefs of tribes and districts in the Aden Protectorate assembled at Lahej on the 6th of April, 1929, in the presence of His Britannic Majesty's Resident and Commander-in-Chief,

BEING desirous of preserving our territories and promoting the welfare of our territories and their inhabitants,

BELIEVING that these purposes can best be attained by good understanding and co-operation among the chiefs of the territory,

AGREE to confer on equal terms with each other (and with such other chiefs of tribes and districts in the Aden Protectorate as may hereafter join our conferences) as to the means for establishing common action particularly in respect of—

1. Co-operation with His Britannic Majesty's Government in the defence of our territories from external aggression provided that the existing treaties between us and His Majesty's Government are maintained.
2. Safeguarding and improvement of communication between our territories.
3. Settlement by arbitration or other peaceful means of disagreements and quarrels between our tribesmen.
4 Other matters of mutual interest affecting the welfare of our territories and their inhabitants.

ABDUL KARIM FADL (Abdali).
AIDARUS BIN MOHSIN (Lower Yafa).
MAHOMED BIN SALEH BIN OMAR (Upper Yafa).
BUBAKR ALI ASKAR (Mausatta, Upper Yafa).
MAHOMED MOHSIN ASKAR (Mausatta, Upper Yafa).
SALEM SALEH DHUBI (Upper Yafa).
KASIM ABDURRAHMAN (Muflahi, Upper Yafa).
HASAN ALI (Qotaibi).
MAHOMED MOHSIN GHALIB (Hadrami, Upper Yafa).
ABDUL NABI BIN ALI NASHIR (Alawi).
ABDULLA BIN HUSSAIN (Fadhli).
MOHSIN BIN ALI (Haushabi).
NASER BIN SHAIF BIN SEF (Amir of Dala).

Before me,
G. S. SYMES,
Resident.

6th April, 1929.

C. 69263/29 [No. 26].

No. 349.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 29th April, 1929.)

(Confidential.)
(No. 60.)

SIR, The Residency, Aden, 15th April, 1929.

I HAVE the honour to report on measures taken to subdue the Subeihi tribesmen who inhabit the territory bordering on the littoral between Aden and the Straits of Bab-el-Mandeb. These tribesmen, since the earliest days of the British occupation of Aden, have been a continual source of anxiety: the history of their relations with this Residency is made up of repeated raids and reprisals, robbery and enforced compensation. There was little cohesion in the tribe, each petty Sheikh was a law unto himself, and there has been no paramount chief who could be held responsible for the actions of the mutually hostile units occupying the wide Subeihi tribal area. In 1881, an attempt was made to ameliorate this state of affairs by placing the whole tribe, including such sections as had entered into treaty relations with Government, under the control of the Abdali Sultan of Lahej; and an agreement was signed, in accordance with which the Sultan would receive the stipends of the Subeihi treaty chiefs and undertook to secure restitution in all cases of assault and pillage committed by the tribesmen. This agreement proved unsatisfactory and, in 1886, the tribesmen were released from the Sultan's control. Records of the period between that year and 1914 are full of reports of disorders.

2. In addition to 6 Subeihi chiefs who, in 1871 and 1888, entered into formal treaty relations with Government and who were entitled to regular stipends, 96 minor Sheikhs of the tribe had been accustomed to receive a regular scale of presents and entertainment as security for their good behaviour and abstention from interference with caravans passing through the region. Prior to 1927 each of these Sheikhs had paid a quarterly visit to Aden with a number of followers. In that year an order was issued that visits entailing official entertainment should not be made more frequently than half-yearly; and in 1928, while operations against Zeidi troops were in progress, the Subeihi, in common with other tribal chiefs, were notified that the practice of regular official entertainment at Aden was suspended.

3. In November, 1928, the Rijai and Atifi Sheikhs protested through the Abdali Sultan against what they maintained to be a curtailment of their privileges and threatened reprisals unless they were restored. They were informed that their protest was under consideration. Subsequently the leading Subeihi chiefs met together, and entered into a pact of defiance of the Government At the same time they organized a series of raids in Lahej territory and the Aden Settlement area, in the course of which two Government Police camels were stolen at Sheikh Othman by Atifis, animals and crops were stolen from the Abdali Sultan, and a girl brutally murdered at Bir Ahmed in Aqrabi territory by Atifis and Mansuris.

These acts of aggression by the Subeihi were in accordance with tribal precedent, and I considered that only by firm treatment would they—and other tribesmen—be persuaded that Government authority could not be flouted with impunity. Accordingly, I caused the Subeihi chiefs to be notified that Government would hold the Subeihi tribe as a whole answerable for the offences committed, that until full restitution was made no stipends or benefits would be given to any Subeihi chief, and that unless restitution (including " Diyeh "—compensation for murder) was effected within 14 days air action would be taken against the sections of the tribe immediately concerned.

A defiant reply was sent by the Mansuri Sheikh, and on the expiry of the ultimatum, after warning notices had been dropped from aircraft, punitive action against the Mansuri and Atifi sections was begun on 30th January.

4. The operations were continued with intervals for negotiations until the 10th of March, when it was clear that the tribesmen had had enough. Very close liaison was maintained between the Political and Air Force staffs. The " ground " intelligence, organized by Mr. R. S. Champion and Lieutenant-Colonel Lake with the co-operation of the Sultan of Lahej, indicated with sufficient precision the movements of recalcitrant Sheikhs who on several occasions were " followed up " into neighbouring districts. Owing to the repeated warnings given casualties among human beings and animals were not heavy, but a number of stone houses were damaged and grass huts, cattle zeribas and grain stacks fired. By the 24th of March all Subeihi chiefs had tendered their submission at Lahej, restored stolen animals and paid the amount of compensation for murder. Questions of the future relations of Government with the tribe and of payments to the chiefs for services to be rendered by them are now under consideration.

5. I desire to put on record the helpful collaboration I received from Group Captain W. G. S. Mitchell, Commanding the Forces at Aden, and my appreciation of the skill and persistency shown by No. 8 (Bombing) Squadron, Royal Air Force.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69289/29 [No. 19].

No. 350.

THE SECRETARY OF STATE to THE RESIDENT.

(No. 14.)

SIR, Downing Street, 6th May, 1929.

I HAVE the honour to acknowledge the receipt of your despatch No. 57 of the 10th of April,* regarding the Conference held at Lahej with the leading Chiefs of the Protectorate to consider the future organisation of the territory.

2. I have learned with satisfaction of the measures which have been taken to ensure the mutual co-operation of the Protectorate Chiefs in frontier defence matters, and the arrangements contemplated for the settlement by arbitration of inter-tribal disputes, and I take this opportunity to convey to you an expression of my appreciation of the manner in which this situation has been handled by you.

I have, &c.,
L. S. AMERY.

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* No. 348.

C. 69254/29 [No. 158].

No. 351.

MEMORANDUM BY MR. R. S. CHAMPION, SECOND ASSISTANT RESIDENT AND PROTECTORATE SECRETARY, ADEN, ON DISTURBANCES IN THE TERRITORY OF THE AMIR OF DHALA, PARTICULARLY IN JEBAL JIHAF AND DAKKAM IN JUNE AND JULY, 1929.

(Received 19th August, 1929.)

AMIR NASER BIN SHAIF BIN SAIF, who had been driven out of his Amirate of Dhala by invading Zeidi forces in 1921, took refuge in Lahej, where he remained until the expulsion of the Imam's troops from his territories and his own reinstatement therein in the summer of 1928. During these years of exile, the Amir, at no time a man of great force of character or balance of mind, had deteriorated rapidly, under the influences of " Kat " and idleness, and there were many who thought that he would be unable to resume the authority over his tribes that, always uncertain, had further decreased during his long absence from Dhala.

But. toned up by the responsibilities of Government, and encouraged by the advice of his friends, he slowly improved in mental activity, temper and ambition, until it became necessary even to restrain him from an aggressive tactlessness that might threaten the security of the frontier.

In June, 1929, a disturbance among his subject tribes in the country South-West of Dhala made it necessary for him to send a force under command of his son, Haidara, to restore order. His action was successful. But in the meantime the Chief of Jebal Jihaf and the Shaikh of the Dakkam tribe, hearing of the success of the expedition, seeing the victorious force returning to Dhala through their territories, and fearing that the uncertain and ambitious temper of the Amir would lead him to attempt an oppressive demonstration of his suzerain rights over them, went into revolt, the former manning his hill villages and the latter calling in the help of a friendly tribe in Imamic territory.

The Amir's overtures for peaceful discussion of grievances—doubtless half-heartedly made and suspiciously received—having been rejected, he mobilised from his subject and allied tribes over one thousand tribesmen, spoiling for fighting and looting, and loosed them at Jebal Jihaf in three converging attacks. Dakkam had by this time been detached and had fled with most of his men into Imamic territory.

It was at this moment that Government decided that intervention was necessary to prevent eddies of the disturbance from causing any frontier complications, and the Protectorate Secretary with an escort of Aden Protectorate Levy camel troopers appeared on the Dhala plateau. The relief among the local tribes was immense. The Amir was rapidly gaining ground, his wild mercenaries were stripping Jebal Jihaf of food and crops and beasts. and it was generally felt that, conscious of his power, the Amir would impose his oppressive will where, before, his suzerainty had been barely tolerated. And it was widely feared—and with the best of reasons—that the Amir, having conjured his Jinn from the Bottle would be entirely impotent to put him back, and that his mercenary tribesmen would get out of hand.

At Government's request the Amir suspended operations and summoned, under safe conduct, the two insurgent Chiefs who, relying on Government's intervention, came in to Dhala without delay, and made peace with the Amir on terms satisfactory to themselves and in accordance with the ancient custom governing their recognition of the Amir as paramount. The Amir, on his side, undertook to evacuate his mercenaries immediately and succeeded in doing so.

The salient features in the affair are the Amir's energy and strategic ability, the potential strength of his feudal levy, the consequent enhancement of his power and authority, and the satisfaction of the weaker parties in the controversy that their reliance on the ultimate intervention of Government in the cause of peace and justice was not misplaced. Throughout the whole of the negotiations it was continually and clearly pointed out that Government did not intend by direct interference to detract from the authority of the paramount chief; but the answer always was, " never mind—we acknowledge the Amir. but while Government can still be seen, though in the distance, we have no cause to fear."

It is felt by the tribesmen that in this matter Government has stood for justice and peace and a reasonable settlement, and there is no doubt that while our abstention from direct action has been appreciated, our prestige in the whole of the Dhala area, and beyond, has been enhanced by the confidence that the Protecting Power has substance as well as shadow.

R. S. C.

C. 69289/29 [No. 30].

No. 351A.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 30th December, 1929.)

(Secret.)
(No. 223.)

MY LORD, The Residency, Aden, 18th December, 1929.

I HAVE the honour to refer to my despatch No. 14, dated the 30th January last,* relating to policy in the Aden Protectorate, and to submit further observations on the conduct of its tribal affairs. They are concerned principally with the zone described in paragraph 3 of my despatch, as contact with tribesmen to the east and in the interior of the Hadhramaut is scarcely more than by an occasional exchange of letters or opportunity for conversation afforded by the chance visit of an individual to Aden.

2. Our relations with the tribes have been founded on the policy of no taxation and favour. Favour has been expressed in grants of stipends, presents of arms and money, and entertainment of supposedly influential persons to retain their goodwill. Native Home Rule has been generally respected, and interference with it, even under strong provocation, the rare exception. By this system—if it may so be termed—has been preserved, and even accentuated, a native conception of independence that is not political, as we understand it, but rather one of voluntary subjection to a Government that demands no material service from its subjects, nor puts restriction on their personal liberties. Our treaties with individual chiefs, which provide the constitutional basis of the " system," realized this conception in so far as they conferred benefits of Protection etceteras, in return for, in most cases, scarcely more than a friendly obligation on the part of a chief and his tribesmen.

3. The system has preserved a hinterland of tribes who are passively and, in places, actively well disposed to us, but it has failed to check and may occasionally have favoured these disintegrating processes which are the bane of all Arab Societies. In any case the territory to-day presents an illuminating, if unedifying, example of exaggeration of the principle of personal liberty. Apart from the miniature native States of Lahej and Makalla, few tribal units possess an effective organization for the conduct of relations with neighbouring units or " the Government " at Aden. With several exceptions rule by a paramount chief is nominal only, and the authority of subordinates is uncertain. Political, social, and geographical conditions have led to multiplication of individual units and local authorities to a degree that gravely complicates the regulation of inter-tribal affairs and renders combination between them for any purpose—even common defence—almost impossible.

4. This state of disintegration of a population, primitive and armed with modern rifles, prevents the success of attempts, unless by compulsion, to maintain public security and improve communications: in fact, to carry out any measure for the general welfare. Any such attempts by use must reckon with the (cynical) opinion that it is sometimes well to leave ill alone, and also that a situation apt to a policy of *divide et impera* may have its advantages. But this opinion ignores the contingencies of a stronger Yemen and an eventual *modus vivendi* between its Government and the Shafei majority beyond our borders, and the disturbing influence that either or both these contingencies would exercise in our Protectorate. On the other hand, our assistance to achieve organic and other reforms should be made conditional on practical evidences of desire on the part of the tribes to withstand absorption with the Yemen and to improve their state. In other words, our policy being one of tribal affiliation and pacific relations, we must make clear to chiefs and tribesmen that continuance of our protection and contingent benefits will be dependent on their co-operation and compliance.

5. I should like to exemplify this at an early date and for the purpose to select the Upper Yafa tribe, centrifugal tendencies in which are admittedly a source of tribal weakness and embarrassment. In this tribe, that is ethnically, and ought to be politically, a single unit, the paramount Sultan, who is a cipher, has been acknowledged by us, and we have separate treaties with him and five other influential chiefs of sections. I propose to notify these chiefs that their treaties will be annulled within two years, and that their replacement afterwards by a single instrument will be conditional on the existence of a single chief or council of chiefs competent to represent the tribe and secure fulfilment of all obligations under the Lahej pact, to which the individual chiefs have already subscribed (see my despatch No. 57 of 10th of April last†).

* No. 346. † No. 348.

6. I have made discreet inquiry from, among others, the Sultans of Lahej and Lower Yafa as to the probable effect of a formal notification of this kind on the Upper Yafa tribe and its neighbours, and am persuaded that it would be salutary. The evils resulting from lack of unitary organizations in the Protectorate are as apparent as is the difficulty of a remedy for them. External pressure and the introduction of a time-limit are essential to reform in this respect. Both of these will be provided by the means I now advocate, and there is an advantage of selecting for this experimental treatment a trible flanked by others in treaty relations with us who could if necessary, close its lines of communications with Aden. There remains a risk that disturbance in the tribe resulting from dissensions among its leaders might lead to Zeidi penetration. This risk is inherent but, I think, may be taken. In existing circumstances we can put little reliance on any organized co-operation by these tribesmen with air action. The same causes, reinforced by general dislike of the Zeidis, would almost certainly prevent any general movement by the tribesmen in their favour.

7. I propose, subject to Your Lordship's consent, to take a suitable opportunity to notify the chiefs of the Upper Yafa tribe in the sense of paragraph 5, and in due course to submit for Your Lordship's approval the draft of a single instrument to replace the present treaties with them, and to serve as a guide to other treaty revisions which may require to be made in pursuance of the policy suggested in paragraph 9 of my Secret despatch of the 30th of January last.

I have, &c.,
G. S. SYMES,
Resident, &c.

D. THE YEMEN.

1. Negotiations.

C. 59326/28 [No. 53A].

No. 352.

THE SECRETARY OF STATE to THE ACTING RESIDENT.

[*Answered by No.* 356.]

(Secret.)

SIR, Downing Street, 24th September, 1928.

I HAVE the honour to refer to Sir Stewart Symes's telegram No. 282 of the 25th of August,* in regard to the possibility of renewed negotiations with the Imam.

2. In my telegram of the 28th of August,† I informed Sir Stewart Symes that I agreed to his proposal to address a letter to the Imam suggesting that the Imam should send an accredited representative to Aden to discuss the terms of a settlement.

3. As regards the suggestion that His Majesty's Government should give an undertaking that they would not, without prior consultation with the Imam, alienate any part of the territories now protected or occupied by them to another Power, I agree that this suggestion may be adopted if it is likely to assist in a solution of the difficulty, but the undertaking must be confined to territories occupied by or under the protection of His Majesty's Government on the mainland, since the Imam has claimed that Kamaran is within his territory, and no such undertaking should be given in respect of that Island. It is clear that such an undertaking in regard to territories on the mainland would not amount to the renunciation of the right to alienate such territories without the Imam's consent. On the other hand, His Majesty's Government could hardly enter into such a stipulation if their intention be merely to inform the Imam in the event of its proving necessary to alienate protectorate territory, and to disregard any views which he might express. It would, in fact, imply that, in the event contemplated, His Majesty's Government would consider the Imam's views and endeavour, unless they were clearly unreasonable, to meet them. I presume that one at least of the official texts of any agreement negotiated with the Imam will be in Arabic, and much will, therefore, depend on the exact meaning of the Arabic word which may be eventually selected to translate the phrase " to consult." It is, of course, so far as can be foreseen, extremely unlikely that the question of alienating any of the territory concerned will ever arise, but it is I think nevertheless desirable

* C. 59326/28 [47]: not printed. † C. 59326/28 [48]: not printed.

that the terms of the undertaking should be such as would not involve His Majesty's Government in any difficulty if a situation arose in which it became necessary to give effect to it.

4. As regards the proposed recognition of the Imam as King of the Yemen, I authorise the adoption of this suggestion as part of any mutually agreed arrangement of the questions outstanding between His Majesty's Government and the Imam. The adoption of this suggestion does not appear to involve such delicate considerations as does that dealt with in the preceding paragraph since, as the proposed treaty with the Imam will include an article by which the Imam will recognise the boundary of the Protectorate, it will not be possible for him to contend that His Majesty's Government's recognition of him as King of the Yemen implies any recognition of his sovereignty over protectorate territory, even though portions of the latter may fall within the area geographically or historically known as the Yemen. As, however, you are aware, the Imam has in the past contended that the Yemen, besides including the Aden Protectorate and Aden itself, also includes as dependencies both Asir and the Hadramaut. It would, of course, be impossible for His Majesty's Government to accept any terminology which might imply any recognition of either of these claims. On the other hand, in the later versions of the draft treaty which was considered when Sir Gilbert Clayton visited Sana'a in 1926, the Imam was described as " His Highness the Imam Yahya of the Yemen," and in the recital of the negotiators as acting " on the behalf of the Yemen." If he should now be described in a treaty in the same manner as then proposed, but with the substitution of the word " King " for " Imam," I am advised that such a modification would not affect the position, and it would not be possible to argue that, by the use of such phraseology, His Majesty's Government had in any way committed themselves to the recognition of the Imam's claims to a wider area than that over which they do in fact recognise his sovereignty. I draw your attention to this point, however, to emphasise the necessity for extreme care, and for the avoidance of any ambiguity, in drafting any agreement or treaty which may eventually be concluded.

I have, &c.,
L. S. AMERY.

C. 59326/28 [No. 55].

No. 353.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 24th September, 1928.)

[*Answered by No.* 354.]

(No. 166.)
(Secret.)

SIR, Residency Office, Aden, 7th September, 1928.

I HAVE the honour to forward for your information the translation of a letter received from the Imam in reply to mine, the translation of which was enclosed with my despatch No. 132 of 9th August, 1928.* The Imam's letter has crossed a further letter from me of which I attach a translation, and requires no reply immediately.

2. The letter is of no particular interest, except inasmuch as it repeats his often-expressed wish to reach a friendly settlement, reveals the importance he attaches to an affirmation of his ancestral claims in the Aden Protectorate, and indicates that he regards the " Craufurd " draft agreement as a suitable basis for negotiations.

3. This last point may be of importance if, as seems not improbable, any Imamic Envoy who comes to Aden is instructed to begin negotiating on this basis. The draft in question has certain obvious defects, no evident merits and was entirely unauthorised: it is therefore unacceptable. I should propose to make this clear to the Envoy.

4. The question of what alternative proposals we should make is more debateable. Three courses, I suggest, may be open to us.

(*a*) to confine the negotiations to the conclusion of a pact to preserve the *status quo* on the Protectorate border which now approximately conforms to our territorial requirements.

(*b*) to endeavour to secure the Imam's acceptance of a more comprehensive treaty which would convey formal recognition of his independent Status

* C. 59326/28 [No. 46]: not printed.

and Kingship, promise him such assistance as is not incompatible with our international obligations, and confirm our dominion over Aden and its hinterland.

or (*c*) to resume the abortive negotiations of 1926 and present an amended version of the draft treaty contained in annexure 10 of Sir Gilbert Clayton's report on his mission (Middle East No. 10).

5. Prior to the arrival of an Envoy it is not possible to forecast what will be the Imam's present attitude to (*b*) or (*c*). But, for tactical reasons, I should propose to open negotiations with (*a*) and to suggest that until practical evidence of the Imam's good disposition in this connexion had been given it would be unprofitable to discuss other issues. There are both formal and practical difficulties with regard to (*a*). In the former category are the affirmation of his " ancestral claims " and his refusal to admit the validity of the Anglo-Turkish frontier agreement of 1905. The practical difficulties are—

(1) the re-establishment by the Amir of Dala of an octroi post at Sanah in our Protectorate but only 3 miles distant from the important (Zeidi) administrative post at Kataba.
(2) the N.E. boundary line from Wadi Bana.
(3) the future status of the Sultan of Behan.

Of these, a fairly satisfactory solution of (1) should be possible. As to (2), the *de jure* boundary places in the Protectorate certain strips of territory which, without undue hardship to their inhabitants, might be ceded to the Imam in return for concessions by him elsewhere. (3) relates to a Sultan with whom a treaty was made in 1903, but whose district is separated from the rest of the Protectorate by Beida (whose Sultan was refused protection) and is situated outside the zone in which it is desirable and convenient for us to exercise direct influence.

6. It is, I think, certain that the Imam if he enters into serious negotiations at all will expect—not unreasonably—a more comprehensive pact than (*a*) and that a settlement of the boundary dispute will not be possible unless associated with a treaty on the lines of (*b*) or (*c*). On this assumption I should be grateful to receive your instructions as to which of these lines it would be preferable that I should pursue, and if (*c*) what modifications of the draft made by Sir Gilbert Clayton it would be desirable to make.

I have, &c.
G. S. SYMES,
Resident and Commander-in-Chief, Aden.

Copies of this letter have been sent to the Governments of India and Bombay.

Enclosure 1 in No. 353.

PARAPHRASE OF A LETTER FROM THE IMAM, DATED 24TH AUGUST, 1928, RECEIVED ON 4TH SEPTEMBER.

From,
His Excellency the Imam.

To,
Colonel Symes,
Resident and Commander-in-Chief, Aden.

After Compliments,

2. We have received your letter No. C-434.

3. The sentiments expressed therein have attracted our regard.

4. From correspondence (relating to negotiations) which has passed between us, copies of which you have in the Residency Office, it must be perfectly clear to your honour that never, for a moment, has the idea of the ultimate object in view (*i.e.*, the rearing of friendly relations between our respective Governments) been discarded (or lost sight of) and we have used all our efforts to attain this object. But we failed to see any effort on the part of the British Government to reciprocate. We should not like to say that the British Government's form of reciprocating took the form of bombing but we have taken it for granted that these operations were the result of the efforts of some of the men, who, by causing strife between the two Governments, wished to further their own ends.

5. We here below emphasise the point and say that the differences between ourselves and His Majesty's Government were never so great as to be past solution.

If there has been some misunderstanding then this was certainly the outcome of the intrigues of those who have personal grudges.

If these personal grudges can be overcome, then there will be no room for doubt that an agreement recognising the natural, original rights will be arrived at between the two Governments.

6. If the draft treaty discussed with Mr. Craufurd is read, and fully understood by you, it will assure your honour that our object and desire were justified.

7. Mr. James Loder Park, Consul for America at Aden, who has been on a visit to Sanaa to discuss private affairs relating to America and Yemen, has informed us of what your honour has told him with regard to his intervening between the two parties with the object of securing peace and friendship

8. We repeat to your honour and again assure you definitely that we are desirous of concluding a harmonious agreement. This being the case, we have fully explained the subject to Loder Park, and he has promised to explain to your honour.

9. Before closing our letter, however, we must inform your honour that we are prepared to conclude a treaty on condition that our natural rights are preserved.

10. As every request, every affair, every effort and every dealing, before the signing of the treaty between the two Empires has not been a guarantee for the peace or safety of the two Empires at the present time or in the future, which your honour knows perfectly well, we refer to your wisdom and good intention for considering these facts, and we shall wait to see the outcome of these good intentions.

Enclosure 2 in No. 353.

FROM SIR STEWART SYMES, K.B.E., C.M.G., D.S.O., RESIDENT AND COMMANDER-IN-CHIEF, ADEN, TO HIS HIGHNESS THE IMAM OF SANAA.

Residency Office, Aden, 1st September, 1928.

After friendly greetings,

Mr. Loder Park has informed me of the conversations which he was privileged to hold with Your Highness at Sanaa.

They have made clear to me certain matters which were previously unclear and have given me pleasure inasmuch as they reveal Your Highness's disposition to remove the causes of misunderstanding. This is also my sincere desire.

In order to facilitate the achievement of the mutual purpose and since it is not possible to arrange a personal meeting between us immediately I have the honour to inquire if Your Highness would consider the suitability of sending a responsible minister to confer with me here regarding the terms of settlement. I should welcome the coming of one in whom Your Highness has confidence and who is fully authorised by Your Highness. He would be my guest here and treated with all respect.

As I am required to proceed to India shortly and will be absent until the 1st week in October it would be convenient that the minister should reach Aden about that time.

I should be glad to be informed Your Highness's opinion on this proposal. In the meanwhile I trust that Your Highness will see fit to issue strict instructions to your officers to do everything possible to prevent unfortunate incidents and thus to facilitate a return to peaceful conditions in the boundary regions.

G. S. SYMES,
Resident and Commander-in-Chief, Aden.

C. 59355/28 [No. 5].

No 354.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 2.45 p.m., 11th October, 1928.)

TELEGRAM.

[*Answered by Nos.* 355 *and* 357.]

(Paraphrase.)

NEGOTIATIONS with the Imam. I agree that it is desirable to proceed as proposed in your Secret despatch 166, 7th September,* viz., to open negotiations with

* No. 353.

alternative (*a*) in paragraph 4 of that despatch. I further consider that you should fall back upon alternative (*b*) if you are pressed by Imam for something more comprehensive. I am opposed, in any case, to adoption at this stage of alternative (*c*) which might involve protracted discussions and postpone essential question of frontier indefinitely.

I consider that, if recourse is had to alternative (*b*), the proposed treaty should be on lines of instructions communicated in my telegram of 2nd May last,* *i.e.*, that Article regarding Aden and hinterland should specifically define northern frontier of British Protectorate and should not merely "confirm our Dominion." There remains the question of the undemarcated frontier north-east of Wadi Bana. In the event of your proceeding to negotiate treaty on lines of your alternative (*b*) you should, I consider, adhere to frontier line authorised in the above-mentioned telegram by which Behan would remain on our side of border. If alternative (*a*) proves sufficient for immediate purposes it might suffice to intimate to Imam that *status quo* in respect of this section is regarded by us as following above lines. I think it undesirable, in any case, to surrender at present stage our claim to Behan. Point is of some importance in relation to question of checking Zeidi advance in direction of Hadramaut. I am content to leave other points of detail to your discretion, subject to above-mentioned general directions. I am not quite clear from reports received what is actual position in region of undemarcated frontier or to what extent Imam is in actual occupation of tribal territory on our side of border Please furnish me with a report on this point.—AMERY.

C. 59355/28 [No. 12].

No. 355.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 2.34 p.m., 13th October, 1928.)

TELEGRAM.

(Paraphrase.)

No. 292, 13TH OCTOBER. Your telegram regarding Imam of 11th October.† He writes that he will send representative to Aden as soon as he is informed that His Majesty's Government accept Craufurd draft of treaty (see third paragraph of my despatch Secret of 7th September‡). In reply I have proposed to him in reply to this communication that preliminary negotiations shall be confined to question of settlement of boundary. Despatch follows. As regards question referred to in penultimate sentence of your telegram under reply, situation in region of undemarcated frontier is approximately as shown by map forwarded with Reilly's despatch No. 195 of 17th November, 1926.§—SYMES.

C. 59355/28 [No. 19].

No. 356.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 22nd October, 1928)

[*Answered by No.* 358.]

(No. 183.)
(Secret.)

SIR, Residency Office, Aden, 10th October, 1928.

I HAVE the honour to acknowledge receipt of your despatch, Secret, of the 24th of September,‖ on the subject of renewed negotiations with the Imam.

2. There has not been time for me to receive any further instructions from you in reference to the several questions raised in my Secret despatch No. 166 of the 7th of September.‡

* C 59312/28 [No. 25] : not printed. † No. 354 ‡ No 353. § C. 22174/26 : not printed.
‖ No. 352

3. Meanwhile, there is a possibility that a representative of the Imam may arrive at Aden, and it is desirable that I should be able to inform him of the precise wordings of the more important and contentious clauses which might be inserted in a treaty.

4. These clauses relate—

(*a*) the title and sovereignty of the Imam.

(*b*) the Imam's recognition of our Protectorate.

(*c*) non-alienation of territory to a third party.

(*d*) (1) arms traffic, and (2) the supply of arms, ammunition, technical assistance and equipment.

I therefore submit new drafts of clauses under each of these headings.

(*a*) His Britannic Majesty's Government recognise the sovereignty and absolute independence of His Majesty King Yehia of the Yemen in all matters, political and administrative, internal and external, in his dominions.

(*b*) His Majesty King Yehia recognises the special position of His Britannic Majesty's Government in the territories of the chiefs and rulers enumerated at the foot of this article, and will prevent any incursion by his armed forces into these territories.

His Majesty will also prevent by all means at his disposal any interference by his subjects with the inhabitants of these territories. His Britannic Majesty's Government will similarly prevent any interference by the inhabitants of these territories with the people of the territories under His Majesty's Government.
(Annexure)

(*c*) His Britannic Majesty's Government declare that without previous consultation with His Majesty King Yehia they will not dispose of to another Power whether by sale or mortgage or gift any part of the territories specified under Article (*b*), and His Majesty King Yehia undertakes that he will not permit the interference of any foreign Government in his dominions whether by sale, or mortgage or gifts of lands, or any other form of interference.

(*d*) His Britannic Majesty's Government and His Majesty King Yehia mutually agree to prevent by all means in their power the introduction of arms and ammunition into their territories except in so far as it may be necessary for administrative and defensive purposes.

In the event of His Majesty applying to His Britannic Majesty's Government for the supply of arms, ammunition, war material and equipment, His Britannic Majesty's Government shall assist him within the limits of their international obligations to obtain his requirements. Similarly, if His Majesty should require assistance in the selection of engineers, doctors and other professional men, or in the supply of technical equipment, or in the undertaking of technical projects for the development of the country, His Britannic Majesty's Government shall assist him to obtain his requirements at fair and moderate rates and without delay.

5. I should be grateful for your instructions, if possible by telegraph, as to whether these drafts of clauses are considered suitable.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

ANNEXURE.

LIST OF THE CHIEFS AND RULERS REFERRED TO IN PARAGRAPH 4 (B).

The Abdali Sultan.
The Fadli Sultan.
The Haushabi Sultan.
The Amir of Dala.
The Akrabi Sheikh.
The Upper Aulaki Sultan.
The Upper Aulaki Sheikh.
The Lower Aulaki Sultan.
The Audali Sultan.
The Sharif of Behan al Kasab.
The Wahidi Sultan of Balahaf.
The Wahidi Sultan of Bir Ali.
The Sheikh of Haura.
The Sheikh of Irka.
The Kaiti Sultan of Shehr and Mokalla and through him the Kathiri Sultans
The (Mahri) Sultan of Kishn and Socotra.
The Upper Yafa Sultan,
The Naqibs of Mausatta,
The Dhube Sheikh,
The Hadrami Sheikh,
The Muflahi Sheikh,
The Saqladi Sheikh of Shaib, } Upper Yafa.
The Lower Yafa Sultan.
The Atifi Sheikh,
The Barhimi Sheikh, } Subehis.

C. 59355/28 [No. 26].

No. 357.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 29th October, 1928.)

[*Answered by No.* 358.]

(No. 187.)
(Secret.)

SIR, Residency Office, Aden, 13th October, 1928.

I have the honour to refer to the instructions conveyed by your telegram of the 11th instant* on the subject of the negotiations with the Imam and to enclose, for your information, English versions of—

A. The Imam's letter to me, dated 18th September, 1928;
B. The " Craufurd draft " of a treaty;
C. My reply to A.

2. I found difficulty in composing my letter C in a form that, while complying with your instructions quoted above, would not create new misapprehensions on the part of the Imam. His insistence on the acceptability of the Craufurd draft is not, I believe, as perverse as it might seem. His conversations at Sanaa with Lieutenant-Commander Craufurd (which I understand were conducted in " dog French " through the medium of an interpreter) were probably less precise, and therefore apparently more promising, than his earlier negotiations with Sir Gilbert Clayton; and he regards the resulting draft (which is almost certainly his own) as representing the maximum concession on his part and a perfect reconciliation of his own political views with the requirements of His Majesty's Government. On this assumption, a curt rejection by us of the " Craufurd " draft would have been liable to make him doubtful of our sincerity and willingness to resume negotiations on acceptable lines, and might have disposed him summarily to break off relations. I felt that this should be avoided if possible.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

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* No. 354.

Enclosure 1 in No. 357.

Dated 4th Rabi-ul-Thani 1347 (18th September, 1928).

In the Name of God, the Merciful the Compassionate.

To His Honour our friend the respected Colonel Symes, Resident of Aden. May God lead him and ourselves (to the proper path).

After presenting you with the profoundest and befitting compliments we inform you of the receipt by us of your valued letter No. C-494 of the 16th Rabi-ul-Awwal, 1347 (1st September, 1928). Its contents from the first end to the other have been noted.

We confirm to your honour that the unjustifiable and unbecoming aggressions and incursions were made without any necessity therefor. As such is the case it is certain that they will not lead towards the attainment of peace and tranquility to both parties but on the contrary they would be creative of unpleasantness, separation and loss of friendship and confidence both between England and Yemen. They also make the present and future relations between the two Governments difficult. They are the cause of the delay and postponement of the establishment of the friendly treaty that had arrived, after lengthy discussions and negotiations between Yemen and England, to a nearer stage. This result has occasioned our great grief and sorrow.

We wish to request you to read most carefully that what we shall place before your high and intelligent honour.

Although there have been obstacles in the way to prevent the import of safety to the attainment of friendliness and agreement with the Great English Government yet we declare that we have not for some uninterrupted and unceasing years, proved a failure but have used every effort.

It was not necessary for, and befitting to, Your English Government to rise up against one whose intention was such, and digest his rights (claims).

Owing to above we are compelled to give details of the unbecoming and unjustified aggressions made against us. We put it down, mention it and repeat it with sorrow. It is certainly a terrible incident having taken place without reason. This incident was organised by individuals who are afraid of losing their unlawful interests and advantages in the event of good relations between England and Yemen being arranged.

We specially wish in the name of right, justice, law and humanity to invite your attention and consideration towards this important point hoping that Y.E.G., whose organisation of Kingdom, justice and lustrous civilisation will not hesitate from punishing those individuals who have been proved to be the cause and who have dared to create without rhyme or reason endless and unnecessary hostilities and open a door for quarrel and war between the two Governments. For the sake of the safety of the two Empires and for the purpose of giving protection to the future understanding between them it is necessary for the honour, respect and position of the British Government to take steps to punish them and suppress their energy.

We feel proud of the good impression created in us from the contents of your esteemed letter that you have addressed us on your assuming charge of the rein of the office entrusted to you.

Directly you arrived at Aden in a manner becoming of the Greatness of England and with the honour appropriate to the English Officers we estimated your cordiality that indicated your wisdom and intelligence and so much so that we assured ourselves that we are expecting to get a distinguished, perfect, courteous, efficient, respectable and highly estimable man to carry on conversations and negotiations with us and we know that one of the competent men of Government has now undertaken the work.

By means of the peaceful sentiments expressed to us and the good wishes given us through our friend Mr. Loder Park who had been to Sanaa to give us a special visit and which good wishes we had considered to be the cause of organising and renewing the true friendly relation between the two Governments we appreciated your high good intention. We assured ourselves that your sole desire and inclination were not aimed but for establishing peace and security between the two Empires.

We request your high honour to submit this very letter of ours to the Great Foreign Office of Great British Government and to convey to it our hearty thanks for sending and appointing you as the Resident of Aden because of our last and least desire is to conclude a true and earnest agreement that would be one of the best form. This is our absolute and indisputably confirmed statement.

We ask the English Government nothing but acknowledgment and recognition of our original, natural and legal rights.

We do not mean, by this demand, that the present state of affairs of England would be subject to any change or variation. On the contrary we desire to make a sure basis for the establishment of peace, tranquility and the conclusion of the treaty that was made and organised (arranged), as a result of the lengthy discussion with his honour Mr. Craufurd. This (*i.e.*, the making of sure basis) is the nearest way (or solution) and it is the expedient method that tends towards right and justice, because it suits, on the one hand, our essentially necessary and sectional rights and on the other it fully furnishes England with its aim in view, desire and safety.

There is no doubt that the Honourable Mr. Loder Park has, on his return to you, placed before your high honour the peaceful illustrations and elucidation. In our previous letter we have explained and referred to the final and absolute necessity that involves the safety of the relations between the two Governments and of the stability of present and future tranquility.

As we have no means to question your good and genuine intention and as we trust that our explanation and record will be looked into with befitting consideration and that in virtue of your good resolve and good intention (that we are certain of) you will listen to them we have thought fit to send a special plenipotentiary to your honour in conformity with your request and demand.

Directly we receive intimation from your high honour that the exalted order has been received from the Illustrious Foreign Office of the English Government for the conclusion of the final, decisive and general treaty and of the undertaking to submit it to His Majesty the King and to us for acceptance, ratification and signature, we shall send the plenipotentiary referred to to Aden, with full desire and thankfulness to take up that enterprise

Before concluding this letter we say that we shall leave to your consideration the following:—

> Articles serving the purpose of one party are subject to wasting away and they end in disturbances but the treaties concluded in a justified, just and equitable manner and guaranteeing the honour, protection and general safety for both engaging parties remain intact even after the expiry of the appointed time of the treaty. This is not unknown to you.

In conclusion, we present to you our sincere compliments.

Enclosure 2 in No. 357.

DRAFT TREATY.

(Brought by Commander Craufurd from Sanaa on 2nd October, 1927.)

Article I.

H.M. KING GEORGE the King of England and the Emperor of India and His Honourable Government recognise the complete and absolute independence (which should be approved, made strong and consented to, with all the qualities of independence—political and administrative and internal and external, and compromising entire fitness, and which should be such as would accommodate the rights recognised by Governments and particularising the Yemen to its fundamental and subsidiary rights and giving it complete entitlement to all that can be secured out of any assistance from Governments)—of his honour H.M. Imam Yehia son of Imam Mahomed Hamid-ud-din, the King of Yemen and to His Government and Empire. And H.M. the Great King and Emperor and His Honourable Government undertake not to interfere in any matter and any affair of Yemen—internal and external—neither to help or encourage any one against the Imam internally or externally.

Article II.

As Aden is under the occupation of the Great English Government, and as its dependencies situate on the southern portion of the Yemen tract are part and parcel of the tract of Yemen, and as from a historical and natural geographical point of view these dependencies are under the Yemen, and as the two contracting parties did not reach a final solution about them, the two contracting parties have agreed upon in a friendly manner to put off the final solution (which should be in consonance with right and in the interests of both parties) to some other suitable opportunity, and to this condition His Majesty the King of Yemen and His Government agree to allow to let the situation stand as it is now, *i.e.*, the date of this treaty.

H.M. the King of Yemen and His Government undertake to protect them from every encroachment, interference and inter-meddling until such time that an agreement is arrived at about them between the two Governments.

Article III.

H.M. the King of England and the Emperor of India and His Honourable Government undertake to restore the Islands (which are considered as parts of Yemen and under its administration and which were occupied during the Great War) to the administration of the Government of Yemen unconditionally and within the space of three months from the date of the treaty entered into by both parties. And H.M. Imam Yehia, the King of Yemen, and His Government undertake to retain the General Sanitary Department (*i.e.*, the Lazaretto) and the pest-houses available in the Island of Kamaran under the supervision of a party of mixed doctors and allow them to continue as they were before the Great War and under the full care of the local Yemen Government at Kamaran, and to give the usual facilities and aid to the mixed Sanitary Government.

Article IV.

By means of the ratification of this treaty by both contracting parties there should establish genuine friendly relations between the Great Government of England and the independent Government of Yemen. Both Governments should significantly exert themselves to strengthen the stable foundation of friendship. The subjects of both the Government should enjoy commercial freedom in the territory of each Government in a manner undeniable to them in the law of the Government where the carrying of trade should be in conformity with the bargain that would be agreed upon. They should be subject to the law of the Government to whose territory they go. Whoever of the Yemenites would go to the domains of England should be amenable to the law of England, but their nationality to the Yemen should be given regard for, and whoever of the followers of England would go to Yemen should be subject to the law of Yemen.

Article V.

Contingent upon the request of H.M. the King of Yemen's Government to purchase its requirements from England whether such be articles or military stores or other than them that it asks for or to get experts and specialists. the Government of H.M. the King of England and the Emperor of India undertakes to get the requirements of H.M. the King of Yemen. The requirements are to be of the best quality and at moderate prices. The articles are to be safe while in transit.

Directly the Treaty is concluded the sending of the experts and the specialists and their engagement on suitable and reasonable terms should take place in a space as short as possible.

Article VI.

After the ratification (or approval) of this treaty and in virtue of the real reason that warrant the organisation of the friendly compact on basis of regard to the independence of the two Governments negotiations, adapted to the circumstances of the time, should be conducted in the matter of the reciprocal exchange of trade, economical equilibrium and their special regulation, and that that should occur after the two Governments have mutually consented to, and agreed upon, the articles. None of the two Governments should force the other to agree to anything that it has not agreed upon in a matter of this sort.

Article VII.

This treaty of friendship should be termed "The Sanaa Treaty." As it has been arranged and resulted by means of the current Arabic conversation and translated into the English language three copies in each of the two languages have been made, and all signed by the two contracting parties. Should there occur any necessity for commenting upon any part of it then upon the completion of the negotiations the Arabic version on which it has been established, on agreement, should be authoritative, and its contents regarded valid from the day of its delivery by the Honourable English Government to H.M. the King of Yemen. Its ratification and the putting of his* signature on and its completion should be made within three months.

* King.

Article VIII.

This treaty should be considered enforced, and its formalities given effect to for a term of 10 years from the date of its being put into execution as stated in the Eighth Article quoted above. Six months before the completion of the term stated opinion will be exchanged between the two Governments about its renewal, on mutual agreement, either as it is now or by enlarging it or changing it for another in conformity with the concord of both parties.

Article IX.

This treaty is based on ten Articles. This is the tenth Article, and it is the very treaty that both parties have agreed upon.

Enclosure 3 in No. 357.

(No. C.564.)
(Secret.)

YOUR HIGHNESS, Residency Office, Aden, 13th October, 1928.

I RECEIVED with great pleasure on my return from India Your Highness's letter dated the 4th Rabi-ul-Thani (18th September).

The Arabic proverb says, "What is past is dead," and I fully share Your Highness's hope that the time of fruitless discussion is passed, and that our future relations may be established on a firm and friendly basis.

I am also happy to note Your Highness's opinion that what is required to achieve this purpose is an agreement made in relation to existing circumstances that will also preserve the interests and prestige of the two parties.

In this connection I must inform Your Highness that His Majesty's Government—having regard to recent events and the danger of their recurrence as long as the situation remains uncertain—are impressed with the importance of an early settlement of the question of the boundary. They consider that this settlement should precede negotiations for a more comprehensive treaty of the kind discussed by Your Highness with Sir Gilbert Clayton at Sanaa two years ago, and also that after this preliminary settlement has been reached the subsequent negotiations will present less difficulty.

In conformity with these instructions by His Majesty's Government, I am to invite Your Highness to send a representative to confer with me as to the terms of a preliminary agreement. I suggest that this agreement should include a clause conveying His Majesty's Government's recognition of the complete independence of Your Highness and a second clause relating to the boundary. I note that Your Highness would prefer the text of the draft of an agreement which was handed to Mr. Craufurd at Sanaa last year. As Your Highness is aware, Mr. Craufurd visited Sanaa as a private person, and had no authority from His Majesty's Government to discuss political questions. Nevertheless, the terms of this draft have received careful consideration, and in particular Articles I and II thereof, which represent approximately the purposes of the short preliminary agreement which it is now proposed to make.

The wording of these two articles in the present form is not quite acceptable and, with regard to Article II, it will be desirable—in order to avoid any misunderstanding in future—to define the actual situation on the boundary at the date of the treaty.

I feel confident that in consultation with a competent representative of Your Highness it will now be possible to find acceptable versions of these articles, and I would propose that Your Highness's representative, after consultation with me, should return to Sanaa and submit the draft we have prepared together for Your Highness's consideration. I shall be glad to receive Your Highness's representative for this purpose at any time, but request that I may be advised of his coming at least a week beforehand in order that I may make all suitable arrangements for his reception here.

G. S. SYMES,
Resident and Commander-in-Chief.

His Highness the Imam of Sanaa.

C. 59355/28 [No. 38].

No. 358.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 5 p.m., 16th November, 1928.)

TELEGRAM.

(Paraphrase.)

SUGGESTED treaty with Imam reference your Secret despatches of 10th October,* and 13th of October.† Special Full Power empowering you to negotiate and conclude agreement has been prepared and will be sent to you by bag. A preamble to the treaty will be required, the terms of which will also be forwarded to you by bag. Clause (A): Following wording would I consider be preferable:—

Begins:—" His Britannic Majesty recognises the complete and absolute independence of the Yemen and its sovereign His Majesty King Yehia."—*Ends*.

If you think it better to retain wording suggested by you there would be no objection, subject to substitution of words " His Britannic Majesty " for words " His Majesty's Government." Clause (B): Every effort should be made by you to secure a definition of the northern frontier by a geographical line rather than by a list of chiefs. I would prefer in place of second paragraph clause on lines of Article two of Treaty with Hejaz dated 20th May, 1927, copy of which is being sent to you by mail. Clause (C): I consider that this clause should be omitted. Reasons will be explained by despatch.

Clause (D): The question of control of arms traffic should be dealt with in a subsequent exchange of notes and not in the preliminary treaty. First paragraph of this clause should therefore be omitted First sentence of second paragraph should be deleted, and it is preferable that second sentence should be put in more general terms as follows: " Subject to their international obligations His Britannic Majesty's Government in Great Britain are prepared to render His Majesty the King of the Yemen such assistance in the selection of personnel or equipment or requirements for economic projects as His Majesty may require."

The expression " His Britannic Majesty's Government in Great Britain " should always be used instead of " His Britannic Majesty's Government " in any future draft which may be produced during the negotiations. Despatch follows —AMERY.

C. 69280/29 [No. 17].

No. 359.

THE SECRETARY OF STATE to THE RESIDENT.

(Secret.)

Downing Street, 27th March, 1929.

SIR,

IN my telegram of the 16th of November, 1928,‡ I promised to address you by despatch on certain points which would arise should negotiations with the Imam of Sanaa be resumed.

2. I now enclose the draft of a preamble for any treaty which may be entered into with the Imam with a draft of a clause regarding validity and a draft of a signature clause, and also a copy of the Treaty of Jeddah of 20th May, 1927.§ As I informed you in my telegram under reference, His Majesty's Government would prefer that a clause on the lines of Article 2 of this Treaty should be employed rather than the second paragraph of Clause (*b*) suggested in your despatch of 10th October.‖

3. As regards Clause (*c*) which would provide for the non-alienation of territory to a third party, as I pointed out in my Secret despatch of the 24th of September, 1928,¶ there are, apart from the question of propriety, certain difficulties in giving an undertaking that His Majesty's Government will not dispose of any part of the Aden Protectorate to another power without previous consultation with the Imam, and, on the whole, I have reached the conclusion that it would be well to leave the matter to be dealt with when the question of a comprehensive treaty with the Imam comes forward for consideration. I recognise that it may be desirable, if His Majesty's Government succeed in concluding a treaty with the Imam, to devise means

* No. 356. † No. 357. ‡ No. 358. § Cmd. 2951. ‖ No. 356. ¶ No. 352.

later of preventing the Imam from disposing of territory, such as Sheikh Saad, to a third power; but I should be reluctant to agree that any undertaking should be given by His Majesty's Government as regards the disposal of territory within the Protectorate.

4. In the telegram under reference you were instructed to employ the expression " His Britannic Majesty's Government in Great Britain." The expression which should now be used is " His Majesty's Government in the United Kingdom and Northern Ireland."

5. I enclose a Special Full Power under the Royal Sign Manual and Great Seal authorising and empowering you to negotiate and conclude, with His Highness the Imam of Sanaa or his representative, in respect of Great Britain and Northern Ireland, any treaty, convention or agreement for the settlement of the questions now in dispute, more especially the frontier of Yemen and Aden territory.

6. I much regret that these instructions have not been conveyed to you at an earlier date.

I have, &c.,

L. S. AMERY.

Enclosure 1 in No. 359.

DRAFT PREAMBLE.

HIS Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, on the one part; and

His Majesty the King of the Yemen, on the other part;

Being desirous of settling certain outstanding matters between them and to establish relations between the two countries on a basis of friendship and co-operation for their mutual benefit and with a view to reaching permanent agreement in future.

Have resolved to conclude a Treaty for that purpose, and to that end have appointed as their Plenipotentiaries;

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India,

For Great Britain and Northern Ireland, ...

His Majesty the King of the Yemen, ...

Who, having communicated their full powers, found in good and due form, have agreed as follows:—

Enclosure 2 in No. 359.

DRAFT ARTICLE.

The present Treaty has been drawn up in English and Arabic. Both texts shall be of equal validity, but in case of divergence in the interpretation of any part of the Treaty the English text shall prevail.

Enclosure 3 in No. 359.

DRAFT ENDING.

In faith whereof the above-named Plenipotentiaries have signed the present Treaty.

Done in duplicate at the , 1928.

C. 69280/29 [No. 50].

No. 360.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 21st May, 1929.)

(No. 72.)

(Confidential.)

The Residency, Aden, 3rd May, 1929.

SIR,

I HAVE the honour to report that Dr. Husain Husni, the Egyptian Envoy to the Yemen, has passed through Aden on his return journey to Cairo. He was pleased with his reception at Sanaa but vouchsafed no information of any practical results of his mission.

2. Certain of the Imam's confidential advisers mentioned to him the subject of relations with His Majesty's Government. He understood from them that the Imam was disappointed with the proposal in my letter of the 13th October last—*vide* annexure to my Secret despatch of that date*—to restrict the scope of the preliminary negotiations. The Imam still desires to conclude a general treaty with His Majesty's Government and would be willing to give his formal consent to the *status quo* on the frontier in a manner that would make it appear that he had put in abeyance but not absolutely renounced his claims to exercise suzerainty in the Aden Protectorate. This is, I think, the crux of the present impasse and it is difficult to see how it could be circumvented immediately unless by a proviso of the kind suggested in my despatch of the 10th of October,† paragraph 4 (*c*). Meanwhile the Imam has apparently no intention of sending a plenipotentiary to Aden but would be willing to receive a British Envoy at Sanaa.

3. Dr. Husni got the impression that Italian influence in the Yemen had declined. Neither Turks nor Soviets have yet succeeded in consolidating their diplomatic or commercial footing in the country although the Russian Trading Company is very active. Lieutenant-Commander Craufurd, who is believed locally to be a private emissary of the British Government, arrived at Sanaa before Dr. Husni's departure, but they did not meet. The Imam and his councillors are as suspicious as ever of foreigners.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69280/29 [No. 49].

No. 361.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 21st May, 1929.)

[*Answered by No.* 371.]

(No. 74.)
(Secret.)

SIR, The Residency, Aden, 4th May, 1929.

I HAVE the honour to address you on the subject of our general relations with the Yemen and in particular of a treaty with the Imam Yehia.

2. Since last autumn, and despite recurrent rumours of aggressive designs by Zeidi authorities, the situation on the Protectorate border has been quiet and the *status quo* effected last July by the use of Air Force with tribal assistance has been undisturbed. It is, I think, now evident that the Imam has no immediate desire to provoke further hostilities with us in connection with the Protectorate question. His purpose regarding the formal settlement of this question and the establishment of Anglo-Yemenite relations on a more regular basis is still uncertain, and he has made no formal reply to the proposals in my letter to him of the 13th of October last.‡

3. I have taken such opportunities as offered themselves to maintain informal communications with the Imam and to obtain through third parties reliable information of his attitude to these questions with a view to discovering the best method and time for resuming negotiations. The Governor of Eritrea (Commendatore Zoli) kindly volunteered his good offices in this connection and has just sent me a report of opinions expressed lately in writing and in conversations by the Imam and his son Mohammed.

4. The gist of this report is that while the Imam really desires peace and good relations he is not willing to discuss the Protectorate question except as part of a general settlement with His Majesty's Government. I infer from this and other sources of information that his attitude is substantially the same as that revealed by his letter to me of the 18th of September last, a copy of which together with an English version of the "Craufurd draft" of a treaty were enclosed with my despatch of the 13th of October,* and that he still desires to affirm his pretensions to suzerain rights in the Protectorate and the islands of Perim and Kamaran.

5. It will be, I think, impossible to ascertain the real degree of his intransigence and to take any further step towards clearing up the present rather unsatisfactory situation without a personal interview. He is unwilling—and perhaps unable

* No. 357. † No. 356. ‡ Enclosure 3 in No. 357.

—to send a competent plenipotentiary to Aden. The alternative would be for me to go or to send a representative to Sanaa. My objection to this hitherto has been based on the belief that an appearance of too great eagerness on our part to conclude a treaty would defeat its own purpose, and that a repetition of Sir G. Clayton's experience in 1926 was very undesirable. On the other hand it is conceivable, if by no means certain, that the Imam's attitude could be modified by discussion, and risks of further conflict and misunderstanding would be much reduced if mutual confidence and friendly personal relations were established as the result of the meeting.

If therefore my visit to Sanaa could be made ostensibly as an act of neighbourly courtesy—such as that paid recently to the Governor of Eritrea—rather than a diplomatic mission, I think it might be worth while.

6. The views of the Imam would have to be obtained and careful arrangements, about which I will write later, made beforehand for the visit, which could not conveniently be paid before October or November next. I should be grateful for an expression of your views on this proposal and, in particular, as to whether I should now inquire tentatively from the Imam if he would be pepared to receive me at Sanaa next autumn. In making this inquiry I would refer to the fact that had circumstances been propitious last July I should have proposed to visit Sanaa before taking up my appointment at Aden.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

C. 69280/29 [Nos. 52-55].

No. 362.

COLONIAL OFFICE

to

[1] FOREIGN OFFICE.
[2] INDIA OFFICE.
[3] AIR MINISTRY.
[4] ADMIRALTY.

SIR, Downing Street, 30th May, 1929.

I AM directed by Mr. Secretary Amery to refer to the inter-departmental conference on the subject of the negotiations with the Imam of the Yemen which took place on the 1st of November, 1928, and to transmit to you to be laid before the [*To* [1] *and* [2]: Secretary of State for [Foreign Affairs] [India]] [*To* [3]: Air Council] [*To* [4]: Lords Commissioners of the Admiralty] the accompanying copies of two despatches* which have been received from the Resident at Aden, regarding the relations of His Majesty's Government with the Imam and the proposed visit of the Resident or his representatives to Sanaa.

2. It is suggested that these questions should be discussed at a further inter-departmental conference to be held at the Colonial Office at a convenient date and I am to request that [*To* [1]: Sir Austen Chamberlain] [*To* [2]: Viscount Peel] [*To* [3]: the Air Council] [*To* [4]: Their Lordships] will be good enough to nominate a representative to attend the conference.

3. Similar letters are being addressed to [*To* [1]: India Office, the Air Ministry, and the Admiralty.] [*To* [2]: Foreign Office, Air Ministry, and the Admiralty.] [*To* [3]: Foreign Office, the India Office, and the Admiralty.] [*To* [4]: Foreign Office, the India Office, and the Air Ministry.]

I am, &c.,
H. R. COWELL.

C. 69280/29 [No. 72].

No. 363.

FOREIGN OFFICE to COLONIAL OFFICE.

(Confidential.)

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies, and, by direction of the Secretary of

* Nos. 360 and 361.

State, transmits herewith copies of a despatch from His Majesty's Representative, Cairo, on the subject of the relations between the Imam of the Yemen and the King of Egypt.

Foreign Office,
17th June, 1929.

Reference to previous correspondence: Foreign Office letter of 16th May.*

Similar letter sent to India Office.

Enclosure in No. 363.

(No. 431.)

The Residency, Cairo, 1st June, 1929.

SIR,

WITH reference to correspondence ending with your telegram No. 163 of the 15th ultimo, I have the honour to report that on the 29th ultimo, during my farewell audience with the King, I spoke to His Majesty on the lines of the fifth paragraph of my despatch No. 293 of the 5th April last.

2. The King showed a good deal of ill humour over the matter, and did not appear to relish my representations. His Majesty replied that he had sent an envoy to the Imam to inquire after his health, and that the only object of the Yemeni Mission here and of any missive from the Imam had been to show alarm at the reforms now being made in the Azhar.

3. This statement of the King's is in complete contradiction to the statement made by the Under-Secretary for Foreign Affairs regarding the Imam Yehia's letter to the King (see first paragraph of my telegram No. 81 of 4th March last). His Majesty's explanations were obviously quite unsatisfactory, but I think that my representations to him may have been salutary.

I have, &c.,
LLOYD,
High Commissioner.

The Right Honourable
Sir Austen Chamberlain, K.G.,
&c., &c., &c.

C. 69280/29 [No. 76].

No. 364.

MINUTES OF A CONFERENCE HELD AT THE COLONIAL OFFICE ON THE 21ST OF JUNE, 1929.

Present:

Sir John Shuckburgh, K.C.M.G., C B. (in the Chair) } Colonial Office.
Mr. H. R. Cowell, C.M.G.
Mr. J. B. Sidebotham.
Mr. G. W. Rendel } Foreign Office.
Mr. C. E. Steel
Air Commodore C. L. N. Newall, C.M.G., C.B.E., Air Ministry.
Lieutenant-Colonel A. G. Bourne, D.S.O., M.V.O., Admiralty.
Mr. J. G. Laithwaite } India Office.
Mr. A. J. F. Rumbold.

Aden: Relations with the Imam.

SIR JOHN SHUCKBURGH desired to refer, before proceeding to the main question, to the fresh efforts recently made by Commander Craufurd through Lord Lamington to intervene in the negotiations between His Majesty's Government and the Imam. He also mentioned that Colonel Jacob had, within the last few days, addressed a letter to the Prime Minister offering his services in a similar capacity. He expressed some uneasiness at learning from a semi-official letter from the Resident (an extract of which he read to the Conference) that Sir S. Symes was endeavouring to use Commander Craufurd, now at Sanaa, as a channel of communication with the Imam's Government.

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* C. 69280/29 [No. 48]: not printed.

MR. RENDEL agreed that perhaps this was an unfortunate step to take in view of the assurances recently given to the Italians and recently passed on by them to the Imam that Commander Craufurd had no official status or political object in view.

SIR JOHN SHUCKBURGH said that the major question for discussion arose out of the suggestion made in paragraph 5 of the Resident's despatch No. 74 of the 4th May.* The suggestion was that Sir S. Symes should write to the Imam offering to proceed to Sanaa in the autumn, ostensibly on a mere visit of courtesy, but actually with the object of sounding the Imam as to his political attitude and, if possible, of reaching some sort of agreement with him. Sir J. Shuckburgh felt that there were serious objections to this proposal. We had already sent one Mission to the Imam (under Sir Gilbert Clayton) which had returned empty-handed. It would be most unfortunate if we were to make another attempt merely to incur a similar rebuff. But whatever might be the prospects of success, he felt very doubtful whether the Resident ought to take the initiative in endeavouring to re-open negotiations. Such a step would undoubtedly be open to misrepresentation; it might merely serve to increase the Imam's self-importance and to make him more intransigent than ever in his dealings with us. On the other hand, did we stand to suffer any serious loss by the continuance of the present state of affairs? The situation, it was true, was irregular, and to that extent open to criticism; but, now that the Imam's people had been expelled from our Protectorate, it need no longer be regarded as wholly unsatisfactory. There might be complaints from concession-hunters, or adverse comment in Parliament; but so long as the Imam continued to acquiesce in the *fait accompli* on the border British interests seemed unlikely to suffer any substantial loss. It might be argued that so long as our relations with the Imam remained unregularised we were leaving the field open to our rivals; but all our information went to show that these rivals were making no serious headway, and that any objection on this score might be largely discounted.

He asked how the Air Ministry regarded this question from the point of view of defence.

AIR COMMODORE C. L N NEWALL said that, from the point of view of defence, the Air Ministry were satisfied with the *status quo*, and saw no compelling reason why we should go out of our way to bring the Imam into negotiation.

MR. LAITHWAITE, on behalf of the India Office, agreed that we might be content, for the present, with the maintenance of the *status quo;* there seemed little question that, should trouble on the boundary occur, the Air Force could deal with it effectively at relatively very small expense. In a general settlement, on the other hand, concessions would probably have to be made by us, and difficulty might in particular arise if the Imam pressed his claim to Kamaran. In these circumstances, it looked as though we had little to gain by pressing for a settlement at this stage. As regards the Resident's suggestion that he should offer to visit Sanaa the India Office were disposed to share the views expressed by Sir John Shuckburgh.

MR. RENDEL said that while he had no authority to commit his Department on the main question of policy, it seemed to him that the question resolved itself into a choice of evils. The chief disadvantage of an indefinite continuance of the present situation appeared to lie in the opportunity which it afforded for criticism in Parliament. The danger, however, of a further rebuff from the Imam might be a much more serious matter. The Imam would, no doubt, welcome a visit from Sir S. Symes, but past experience had shown that he was ever prone to change his mind from one moment to another; negotiations might be difficult and protracted, and there was no clear indication that he had any firm intention of coming to a settlement with us.

AIR COMMODORE NEWALL agreed that the Imam would probably be quite willing to receive the Resident, but it would only be with a view to getting what he (the Imam) wanted.

SIR JOHN SHUCKBURGH wished to raise one further point. Given the view that a boundary settlement was our first desideratum, and that the conclusion of a detailed treaty (such as that of which Sir G. Clayton took the draft with him to Sanaa in 1926) was a matter of secondary importance, it would seem to follow that, if we could afford to postpone the boundary settlement, we could *a fortiori* defer the detailed treaty. But he would like to feel assured that there was nothing in the latter of so much importance as to make it undesirable, on that account and apart from all question of the frontier, that negotiations with the Imam should be postponed. The Conference took the view that there was nothing in the proposed detailed treaty that need affect the question immediately at issue.

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* No. 361.

MR. COWELL considered that, from the point of view of local administration, &c., at Aden, there was nothing to be gained by trying to force the pace with the Imam.

Reference was made to the question of slavery, but it was agreed that this need not be regarded as a decisive factor in the present connection.

After further discussion it was decided to recommend that a reply should be sent to the Resident, stating that his suggestion had been very carefully considered; but that, in our opinion, the balance of advantage lay not in volunteering the suggestion that the Resident should visit Sanaa, but in leaving the Imam to make the next move. It was recommended that the draft of a despatch to the Resident in the above sense should be circulated for concurrence of the Departments interested.

C. 69280/29 [Nos. 85-88].

No. 365.

COLONIAL OFFICE

to

[1] ADMIRALTY.
[2] INDIA OFFICE.
[3] FOREIGN OFFICE.
[4] AIR MINISTRY.

[*Answered by Nos.* 369, 368, 370, *and* 366.]

SIR, Downing Street, 2nd July, 1929.

I AM directed by Lord Passfield to invite reference to previous correspondence on the subject of the relations between His Majesty's Government and the Imam of the Yemen.

2. As you are aware, this question was discussed at a Conference held at the Colonial Office on Friday, 21st June,* at which a representative of your Department was present. The immediate point at issue turned upon the instructions to be furnished to the Resident at Aden in reply to his Secret despatch No. 74 of the 4th May last,† (copy of which was communicated to your Department under cover of my letter of the 30th May‡), in which he made certain proposals having as their object the resumption of negotiations with the Imam.

3. The draft of a despatch§ to the Resident, which has been prepared on the lines agreed upon at the Conference, is enclosed herewith for submission to [*To* [1]: the Lord Commissioners of the Admiralty,] [*To* [2]: Captain Wedgwood Benn,] [*To* [3]: Mr. Secretary Henderson,] [*To* [4]: the Air Council,] Lord Passfield would be glad to learn whether [*To* [1]: Their Lordships concur] [*To* [2]: Captain Wedgwood Benn concurs] [*To* [3]: Mr. Henderson concurs] [*To* [4]: the Council concur] in its terms.

I am, &c.,
H. R. COWELL.

C. 69280/29 [No. 95].

No. 366.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 8th July, 1929.

I AM commanded by the Air Council to refer to Colonial Office letter dated the 2nd instant,‖ and to acquaint you, for the information of the Secretary of State for the Colonies, that they concur in the terms of the draft despatch to the Resident at Aden, on the subject of the relations between His Majesty's Government and the Imam of the Yemen.

I am, &c.,
CHARLES EVANS
(for Secretary).

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* No. 364. † No. 361. ‡ No. 362. § No. 371. ‖ No. 365.

C. 69280/29 [No. 96.]

No. 367

THE RESIDENT to THE SECRETARY OF STATE.

(Received 12.58 p.m., 8th July, 1929.)

TELEGRAM.

(Paraphrase.)

No. 339. 8TH JULY. Secret. Craufurd has been engaged in desultory conversations which confirm dispositions of Imam as reported in paragraph 4 of my Secret despatch of 4th May.*

I have received from Craufurd a fresh draft of a Treaty which would preserve *status quo* but makes our position in the Protectorate (undefined) and on the Islands (unnamed) seem (?) one of sufferance. Other objectionable provisions are contained in the draft Treaty.

I am fairly certain that the Imam desires to conclude a comprehensive Treaty with us but he will not negotiate *ad hoc* agreement on the frontier question. On this and other issues he will be accommodating provided that he is not required to stultify his Imamic pretensions nor repudiate all future concerns by Yemen with the territories that are geographically contiguous and ethnologically akin. Difficulties mentioned in paragraph 3 of your despatch of 22nd [? 27th] March,† are appreciated by me but unless the formula can be found to reconcile Imam on this fundamental issue I see no immediate prospect of a Treaty with him.

C. 69280/29 [No. 98].

No. 368.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 12th July, 1929.

IN reply to Mr. Cowell's letter dated 2nd July,‡ I am directed by the Secretary of State for India to say that he concurs in the draft instructions proposed to be addressed to the Resident at Aden on the suggestion made in his Secret despatch No. 74 of 4th May,§ that he might be permitted to visit Sanaa in the interest of forwarding negotiations between His Majesty's Government and the Imam of the Yemen.

2. Copies of this letter are being sent to the Foreign Office, Air Ministry, and Admiralty.

I am, &c.,
J. C. WALTON.

C. 69280/29 [No. 99].

No. 369.

ADMIRALTY to COLONIAL OFFICE.

SIR, Admiralty, S.W.1, 13th July, 1929.

WITH reference to your letter of the 2nd instant,‖ I am commanded by My Lords Commissioners of the Admiralty to request that you will inform the Secretary of State for the Colonies that They concur in the terms of the despatch which it is proposed to address to the Resident at Aden on the subject of the relations between His Majesty's Government and the Imam of the Yemen.

I am, &c.,
J. M. BADDELEY.

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* No. 361. † No. 359. ‡ No. 365. § No. 361. ‖ No. 365.

C. 69280/29 [No. 104].

No. 370.

FOREIGN OFFICE to COLONIAL OFFICE.

SIR, Foreign Office, S.W.1, 17th July, 1929.

I AM directed by Mr. Secretary Henderson to acknowledge the receipt of your letter of 2nd July,* relative to the question of the relations between His Majesty's Government and the Imam of the Yemen.

2. In reply, I am to inform you that the Secretary of State concurs in the terms of the despatch which Lord Passfield proposes to address to the Resident at Aden on this question and of which the draft was enclosed in your letter under reply.

I am, &c.,
MONTEAGLE.

C. 69280/29 [No. 105].

No. 371.

THE SECRETARY OF STATE to THE RESIDENT.

(Secret.)

SIR, Downing Street, 22nd July, 1929.

I HAVE the honour to acknowledge the receipt of your Secret despatch No. 74 of the 4th of May,† on the subject of the relations between His Majesty's Government and the Imam of Sanaa.

2. I have considered, in consultation with the other interested Departments of His Majesty's Government, your appreciation of the present situation, and, in particular, the suggestion made in the concluding paragraph of your despatch that you should offer to pay a visit to the Imam in the autumn of the present year.

3. The case is one that, in the view of His Majesty's Government, calls for a careful balance of the arguments for and against any such action as that suggested by you. The importance, on general grounds of policy, of reaching a settlement with the Imam that would put an end to the existing indeterminate situation is indisputable. A proposal calculated to advance that object is not lightly to be set aside. On the other hand, I fully share the view expressed in paragraph 5 of your letter that any repetition of the ill-success experienced by Sir Gilbert Clayton in 1926 would be most undesirable. The result might well be, not only to place His Majesty's Government in a false position, but to postpone indefinitely the satisfactory solution of the whole question.

4. In weighing these considerations, it is necessary to consider how far the need for an early settlement must be regarded as an urgent one, or, to put the question in another way, to what extent British interests are being seriously prejudiced by the continuance of the present state of affairs. So long as the Imam remained in occupation of important areas in the British Protectorate, the situation was clearly one in which it was impossible to acquiesce. But since his expulsion from Dhala and the adjoining regions, the whole position has been modified in our favour. The *status quo* now represents a condition of affairs, which from the point of view of practical political requirements, is no longer an intolerable one. Its temporary prolongation may be regrettable, but can at least be regarded as a comparatively minor evil. At any rate it seems preferable to the risk involved in an overture to the Imam which, if unsuccessful, might gravely prejudice all prospect of an eventual settlement.

5. In all the circumstances His Majesty's Government consider that the balance of advantage lies in refraining at this stage from any direct approach to the Imam and in leaving to him the initiative in the resumption of negotiations. I am accordingly unable to approve your suggestion that you should propose yourself for a visit to Sanaa.

I have, &c.,
PASSFIELD.

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* No. 365. † No. 361.

C. 69280/29 [No. 112].

No. 372.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 23rd July, 1929.)

[*Answered by No.* 375.]

(Secret.)
(No. 105.)

MY LORD, The Residency, Aden, 9th July, 1929.

I HAVE the honour to refer to my telegram Confidential dated the 8th instant,* reporting an effort on the part of the Imam with the aid of Commander Craufurd to compose a treaty that might be satisfactory to His Majesty's Government, and to enclose the literary outcome of their collaboration.

2. I have informed Commander Craufurd that the draft—particularly of Articles II and III—is not acceptable and requested him to suspend his political discussions with the Imam.

3. As mentioned in my telegram quoted above, the crux of our present difficulty with the Imam is to find a formula that will secure our position in the Protectorate and on the islands of Kamaran and Perim without expressing his repudiation of all concern as to the future of territories which are contiguous to and have many social affinities with the Yemen.

I have, &c.,
G. S. SYMES,
Resident and Commander-in-Chief.

Enclosure in No. 372.

IN THE NAME OF GOD THE MERCIFUL AND COMPASSIONATE.

Article I.

HIS Majesty King George—the King of England and the Emperor of India and His Honourable Government acknowledge the complete and absolute independence of His Majesty the King of Yemen—Imam Yehia bin al Imam Mohamed Hamid-ud-din, His Government and Kingdom. This comprises an acknowledgment, confirmation and admission of all political and administrative independence internal and external with full authority which the well-preserved rights observable among all the Powers and Nations demand. The Yemen is to enjoy both its original and derivative rights. It is fully entitled to have all that can be had of all national assistance.

His Majesty the Great King and Emperor and His Honourable Government undertake not to interfere in any way in any of the internal and external matters and affairs (of the Yemen) and not to assist any one either internally or externally against the Imam—the King of Yemen.

Article II.

As Aden is under the administration of the great English Government and as its dependencies situate within the southern direction which is a portion of Yemen and as the Islands administered by the Government under reference are parts of the Yemen and form dependencies to it by historical order and physical geography and as the two contracting parties did not come to a final solution about them, both of these two contracting parties have agreed to keep the final solution to some other suitable times in conformity with the rights and interests of both sides as required by friendly relations, His Majesty the Imam—the King of Yemen and His Government therefore agrees and undertakes to leave the situation as it is now on the date of this agreement and to maintain it from all initial transgressions or interference apart from that provided for in Article III herein below mentioned after this Article, until such time as an agreement is arrived at about it, between the two Contracting Governments. The future agreement will be drawn up in a friendly way without interruption to the peace and agreement in existence between the two Governments.

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* No. 367.

Article III.

Until they come to a decisive and final agreement in a very friendly and sincere way in the future as clearly stated in Article II on the subject of the Yemenite territories and Islands referred to above, the two High Contracting Governments have from this time forward and after the signing and the execution of this agreement, agreed that His Majesty the Imam—the King of Yemen, shall elect and appoint Sharia Judges and send them to all those territories and Islands referred to in order to try or hear all cases in existence between the people of those countries and Islands referred to above, to dispose of disputes and to carry out or execute religious matters and their characteristic as required by the illustrious Islamic rulings. The substitution or deposition of these Judges shall be solely confined to the discretion and authority of the Imam.

Article IV.

With effect from the time of the ratification of this agreement by both contracting parties, there shall be a foundation of friendly and harmonious relationship, between the great English Government and the independent Yemen Government. Both Governments shall exert or interest themselves in strengthening the basis of a firm friendship in the best form or shape, thus enabling the subjects of the two Governments to enjoy free trade in the territories of each other in a manner not prohibited by the regulations or rules of the Government in which the transaction of business is taking place in accordance with the contract which will be agreed upon and they shall have to be dealt with in accordance with the rules of the Government to whose territory they go, viz., whatever Yemeni goes to the territories of the English Government shall have to be dealt with in accordance with English laws, while retaining his national right of being a subject of Yemen, and whatever British subject goes into the Yemen shall likewise be amenable to the laws of the Yemen.

Article V.

The Government of His Majesty the King of England and Emperor of India, shall on receipt of a demand from His Majesty the King of Yemen for the purchase from England of goods, war materials, or other requirements or for the procuring of scientists and experts, arrange for the supply of the requirements of the Government of His Majesty the King of Yemen at the best quality at the fairest rates and consign them securely. They will also provide as quickly as possible scientists and experts when asked for, after an agreement has been arrived as to the reasonable and favourable terms of their engagement.

Article VI.

After the ratification of this agreement and as required by real necessities relating to the organization of relations of concord based on the maintenance of the independence of the two Governments, there shall be negotiations, as circumstances shall demand about the conclusion of agreements relating to the exchange of trade, counterbalance of economy and their organization in a special form, after both Governments reach an agreement and concord about their terms. Neither Government shall force the other to agree to unacceptable terms in this respect.

Article VII.

This agreement of concord is called " treaty of sincerity " and as it was drawn up in consequence of discussions in the Arabic language and translated into English, three copies in each language were drawn up and signed by both contracting parties. When necessity arises for the interpretation of any part of it, the interpretation of the Arabic text shall be regarded as the one to be acted upon, for it was unanimously drawn up in that language on the completion of the discussions.

Article VIII.

After the ratification of this agreement by the English Government and its signing by His Majesty her Great King, it shall be executed and its terms maintained with effect from the day it is delivered by the Honourable English Government to His Majesty the King of Yemen, who shall ratify, sign, and complete it within three months (from the day of its delivery).

Article IX.

This agreement shall be regarded as in force for a period of 10 years from the date it is put into execution and carrying out which date is referred to in Article VIII

mentioned above. Six months before the expiry of the above period, there shall be an exchange of views between the two Governments for its renewal by an agreement either in its present form or by extending it or by substituting it for a new one in accordance with an agreement which may be arrived at between the two parties.

Article X.

This agreement of concord consists of 10 Articles and this is the 10th Article of it. It is one which has been concluded between the two contracting parties.

C. 69280/29 [Nos. 114-117].

No. 373.

COLONIAL OFFICE

to

[1] FOREIGN OFFICE.
[2] INDIA OFFICE.
[3] ADMIRALTY.
[4] AIR MINISTRY.

[*Answered by* [4] *No.* 374.]

SIR, Downing Street, 8th August, 1929.

WITH reference to the letter from this Department of the 31st July,* regarding the relations between His Majesty's Government and the Imam of Sanaa, I am directed by Lord Passfield to transmit to you, to be laid before the [*To* [1] *and* [2]: Secretary of State for [Foreign Affairs,] [India]] [*To* [3]: Lords Commissioners of the Admiralty,] [*To* [4]: Air Council,] the accompanying copy of a despatch† which has been received from the Resident at Aden enclosing a copy of a draft Treaty prepared by the Imam with the assistance of Commander Craufurd.

2. The draft Treaty is obviously unacceptable, and pending consideration by the Resident of the Secretary of State's Secret despatch of the 22nd July,‡ a copy of which formed the enclosure to the Colonial Office letter under reference, Lord Passfield does not propose to take any action. In any event, he would not propose to discuss any proposals made through Commander Craufurd.

3. Similar letters are being sent to the [*To* [1]: India Office, Admiralty, and Air Ministry.] [*To* [2]: Foreign Office, Admiralty, and Air Ministry.] [*To* [3]: Foreign Office, India Office, and Air Ministry.] [*To* [4]: Foreign Office, India Office, and Admiralty.]

I am, &c.,
H. R. COWELL.

C. 69280/29 [No. 130].

No. 374.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 24th August, 1929.

I AM commanded by the Air Council to refer to Colonial Office letter of the 8th August, 1929,§ forwarding a copy of a despatch from the Resident at Aden together with the draft of a Treaty prepared by the Imam with the assistance of Commander Craufurd, and to acquaint you, for the information of the Secretary of State for the Colonies, that so far as the military aspect of the question is concerned, they do not anticipate that any difficulty is likely to arise owing to the absence of a Treaty. Indeed if the negotiation of a Treaty were in any way likely to disturb the existing equilibrium, there would, from the purely military aspect of the question, be certain advantages in the continuance of the present state of affairs.

Copies of this letter have been sent to the Foreign Office, India Office, and Admiralty.

I am, &c.,
B. E. HOLLOWAY.

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* C. 69280/29 [Nos. 107-110]: not printed. † No. 372. ‡ No. 371. § No. 373.

C. 69280/29 [No. 127].

No. 375.

THE SECRETARY OF STATE to THE RESIDENT.

[*Answered by No.* 376.]

(Secret.)

SIR, Downing Street, 28th August, 1929.

I HAVE the honour to acknowledge the receipt of your Secret despatch of the 9th July,* enclosing a copy of the draft of a Treaty with the Imam of the Yemen, which has been submitted through Commander Craufurd.

2. I entirely agree that the draft is unacceptable, and I note that you have requested Commander Craufurd to suspend his political discussions with the Imam. In any event, I should not propose to discuss any proposals of this nature made through Commander Craufurd.

3. You will no doubt bear in mind the danger that any conversations with Commander Craufurd on such a subject will be liable to misinterpretation by the Italian Government, as there has been some difficulty in the past in convincing that Government that Commander Craufurd has no official status.

I have, &c.,
PASSFIELD.

C. 69280/29 [No. 133].

No. 376.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 8.25 p.m., 13th September, 1929.)

TELEGRAM.

[*Answered by No.* 383.]

(Paraphrase.)

No. 350. 13th September. With reference to your despatch 28th August, Secret,† Imam's communication through Craufurd I submit should be regarded as an initiative to treat. I suggest that I should send a written reply to Imam Yehia. A simple rejection of his draft Treaty is liable to increase his doubt of our good intentions unless it is accompanied by counter-proposals by us and might affect present *modus vivendi* on Protectorate border.

Alternative counter-proposals are (*a*) to renew invitation in my letter of 13th October last (see in this connection enclosure in my despatch No. 187‡), (*b*) to inform him that His Britannic Majesty's Government are prepared to resume negotiations for a General Treaty only (1) on the basis of Clayton's amended draft of 18th February, 1926 (see annex (10) of Clayton's Mission Report) and in particular of Articles (1) to (4) thereof; and (2) through duly accredited official negotiator appointed for the purpose. Proposal (*a*) of these alternatives would fall flat as Imam has made it clear that he will not and probably dare not sign any *ad hoc* agreement on boundary question. Proposal (*b*) with addendum that subject to prior acceptance by Imam of stipulations (1) and (2) negotiations could be held in Sanaa, Aden or London would make better impression. It might lead to eventual resumption of negotiations on a practical basis and I recommend reply as at (*b*) above. Should be glad to learn if you approve.

C. 69280/29 [Nos. 134-137].

No. 377.

COLONIAL OFFICE

to

[1] FOREIGN OFFICE.
[2] INDIA OFFICE.
[3] ADMIRALTY.
[4] AIR MINISTRY.

[*Answered by Nos.* 381, 382, 379, *and* 378.]

SIR, Downing Street, 30th September, 1929.

WITH reference to the letter from this Department of the 8th of August,§ transmitting a copy of a despatch from the Resident at Aden enclosing a draft

* No. 372. † No. 375. ‡ No. 357. § No. 373.

Treaty prepared by the Imam of the Yemen with the assistance of Commander Craufurd, I am directed by Lord Passfield to transmit to you, to be laid before [*To* [1]: Mr. Secretary Henderson,] [*To* [2]: Mr. Secretary Benn,] [*To* [3]: the Lords Commissioners of the Admiralty,] [*To* [4]: the Air Council,] a copy of a telegram* from the Resident in which he makes certain recommendations for the resumption of negotiations with the Imam.

2. Subject to [*To* [1]: Mr. Henderson's] [*To* [2]: Mr. Benn's] [*To* [3]: Their Lordships'] [*To* [4]: the Air Council's] concurrence Lord Passfield proposes to approve the course of action suggested by the Resident. He considers, however, that it is most undesirable that the suggested negotiations should be held in London, and he proposes to inform the Resident that this should be agreed to only in the very last resort.

3. A similar letter is being addressed to the [*To* [1]: India Office, the Admiralty and the Air Ministry.] [*To* [2]: the Foreign Office, the Admiralty, and the Air Ministry.] [*To* [3]: the Foreign Office, the India Office, and the Air Ministry.] [*To* [4]: the Foreign Office, the India Office, and the Admiralty.]

I am, &c.,
A. J. DAWE.

C. 69280/29 [No. 138].

No. 378.

AIR MINISTRY to COLONIAL OFFICE.

(Secret.)

SIR, Air Ministry, London, W.C.2, 5th October, 1929.

I AM commanded by the Air Council to refer to your letter of the 30th ultimo† in regard to the possibility of a Treaty with the Imam of Yemen, and to say that while, from the military point of view they have no reason to modify the opinion expressed in their letter of 24th August,‡ they have no objections to offer to the course of action now suggested by the Resident, if Lord Passfield considers that its adoption is politically desirable.

Copies of this letter are being sent to the Foreign Office, India Office, and Admiralty.

I am, &c.,
J. A. WEBSTER.

C. 69280/29 [No. 139].

No. 379.

ADMIRALTY to COLONIAL OFFICE.

SIR, Admiralty, S.W.1, 8th October, 1929.

WITH reference to your letter of 30th September,§ regarding the question of the resumption of negotiations with the Imam, I am commanded by My Lords Commissioners of the Admiralty to inform you that They concur in the course of action proposed by Lord Passfield in paragraph 2 of your letter.

2. Copies of this letter have been sent to the Foreign Office, India Office, and the Air Ministry.

I am, &c.,
CHARLES WALKER.

C. 69280/29 [No. 140].

No. 380.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 1.49 p.m., 10th October, 1929.)

TELEGRAM.

(Paraphrase.)

No. 354. 10th October. My telegram No. 350 of 13th September.*

It is possible that the occupation of Beit el Faqih by the Imam's forces may lead to military operations in Zaranik region being suspended. Russian "Commercial"

* No. 376. † No. 377. ‡ No. 374. § No. 377.

agents are active at Sanaa and Hodeidah and Italian political influence has weakened. In my opinion it is an opportune moment to give the Imam Yehia a clear statement of our present attitude towards the treaty negotiations.

C. 69280/29 [No. 145].

No. 381.

FOREIGN OFFICE to COLONIAL OFFICE.

SIR, Foreign Office, S.W.1, 16th October, 1929.

I AM directed by Mr. Secretary Henderson to acknowledge the receipt of your letter of 30th September,* regarding the course of action to be taken by the Resident at Aden in regard to the draft Treaty prepared by the Imam of the Yemen and sent to Sir Stewart Symes through Commander Craufurd.

2. In reply, I am to request you to inform the Secretary of State for the Colonies that Mr. Henderson concurs in Lord Passfield's proposal to approve the course of action suggested by Sir Stewart Symes in his telegram No. 350 of 13th September.† Mr. Henderson also agrees with Lord Passfield in considering it undesirable that any negotiations which may result from this action should take place in London. I am, however, to suggest that Sir Stewart Symes' attention should again be drawn to the serious objections to anything being done which might give countenance to the supposition that Commander Craufurd possesses any official status, and that he should, therefore, be particularly cautioned against making use of Commander Craufurd even as a mere channel of communication in connection with any message which he may send to the Imam. It seems desirable, indeed, that no mention should be made of Commander Craufurd's name in that communication. Mr. Henderson attaches special importance to this point in view of the assurances given by Sir S. Symes to the Governor of Eritrea (see the penultimate paragraph of his despatch No. 42 of 19th March last‡).

3. I am further to suggest that, in any instructions which may eventually be sent to Sir Stewart Symes on this subject, his attention should be drawn to the modifications in Sir G. Clayton's draft treaty of 18th February, 1926, which have been agreed upon in order to bring that draft treaty into conformity with present requirements. These modifications formed the subject of the Colonial Office telegram and despatch addressed to Sir S. Symes on 16th November§ and 27th March last‖ respectively (see enclosures in Colonial Office letters of 16th November and 27th March).

4. Copies of this letter are being sent to the India Office, Air Ministry, and Admiralty.

I am, &c.,
MONTEAGLE.

C. 69280/29 [No. 149].

No. 382.

INDIA OFFICE to COLONIAL OFFICE.

SIR, India Office, Whitehall, London, S.W.1, 25th October, 1929.

IN reply to Colonial Office letter of the 30th September,* I am directed by the Secretary of State for India to say that, while he still feels some doubt as to the desirability of making any move towards the Imam, particularly in respect of a communication received through Commander Craufurd, he does not desire to press this point in view of the concurrence of the other Departments concerned. He accordingly concurs in the course of action proposed in paragraph 2 of Mr. Dawe's letter under reply.

2. I am to add that Mr. Benn agrees with the suggestion in paragraph 2 of Foreign Office letter to the Colonial Office of the 16th October,¶ that Sir S. Symes should be cautioned against the employment of Commander Craufurd as an intermediary and against making any reference to him in the communication now to be addressed to the Imam.

3. Copies of this letter are being sent to the Foreign Office, Air Ministry, and Admiralty.

I am, &c.,
J. C. WALTON.

* No. 377 † No. 376. ‡ C. 69251/29 [No. 27]: not printed.
§ No. 358. ‖ No. 359. ¶ No. 381.

C. 69280/29 [No. 150].

No. 383.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 2.30 p.m., 1st November, 1929.)

TELEGRAM.

[*Answered by Nos.* 384 *and* 391.]

(Paraphrase.)

I APPROVE of communication to Imam in sense of proposal (*b*) in your telegram of 13th September, No. 350,* subject to following conditions. It is considered most undesirable that negotiations should be conducted in London and this should be accepted only in last resort You should be careful not to use Craufurd in any way even as a channel of communication, and it is desirable that his name should not even be mentioned. No countenance should be given to suggestion that he has any official status, in view of assurances given to Italian Government. Your attention is invited to the necessary modifications in Clayton's draft Treaty explained in my predecessor's Secret despatch of 27th March.†—PASSFIELD.

C. 69280/29 [No. 152].

No. 384.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 9.36 a.m., 2nd November, 1929.)

TELEGRAM.

[*Answered by No.* 392.]

No. 357. 2ND NOVEMBER. Your telegram 31st October.‡ I am writing to Imam accordingly and hope that the letter will reach him before Craufurd (who with his wife is now at Aden) returns to Sanaa. In the event of serious negotiations at Aden or Sanaa services of fully competent Arabic-English interpreter would be indispensable. There is none such here. Can you supply suitable man if required?

C. 69280/29 [No. 165].

No. 385.

MR. G. W. RENDEL (FOREIGN OFFICE)

to

MR. H. R. COWELL (COLONIAL OFFICE).

DEAR COWELL, Foreign Office, 18th November, 1929.

WITH reference to our conversation on 11th November, on the question of keeping the Italians informed of the position as between ourselves and the Imam, I write to let you know that Oliphant saw the Italian Ambassador on 12th November and held to His Excellency language in the sense of the memorandum which you and I had prepared on the subject. Here is a copy.

Yours sincerely,
G. W. RENDEL.

Enclosure in No. 385.

RELATIONS BETWEEN HIS MAJESTY'S GOVERNMENT AND THE IMAM OF THE YEMEN.

IN July last the Resident at Aden reported that he had received the draft of a treaty purporting to represent the views of the Imam of the Yemen on a possible settlement with His Majesty's Government. This draft was received through Com-

* No. 376. † No. 359. ‡ No. 383.

mander Craufurd, a British subject who was on a visit to Sanaa but who had no official position and no authority to discuss political matters with the Imam, or to enter into negotiations on behalf of His Majesty's Government.

The Resident has now been authorised to inform the Imam, with reference to this communication, that His Majesty's Government are prepared to resume negotiations for a general treaty only on the basis of the conditions put forward by Sir G. Clayton in the course of his mission to Sanaa in 1926, and through a duly accredited negotiator appointed for the purpose.

No report has yet been received from Sir S. Symes as to the result of this communication.

Foreign Office, S.W.1,
11th November, 1929.

C. 69280/29 [No. 161].

No. 386.

'IRAQ

THE SECRETARY OF STATE to THE ACTING HIGH COMMISSIONER.

(Sent 6 p.m., 19th November, 1929.)

TELEGRAM.

[*Answered by No.* 390.]

(Paraphrase.)

No. 363. HIS Majesty's Government may possibly in near future resume negotiations through the Resident, Aden, with the Imam of the Yemen, either at Aden or else at Sanaa. An English-Arabic interpreter will be necessary if the proposed negotiations materialise. I should be glad if the possibility of lending such officer could be considered by you. If necessary the 'Iraq Government should be approached. Travelling expenses and subsistence allowances would be paid in addition to normal salary. The subsistence allowances in Arabia would depend on status of official, but would probably be up to £2 a night in Arabia. Normal allowances while travelling in 'Iraq and 5s. a night on board ship.—PASSFIELD.

C. 69280/29 [No. 162].

No. 387.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 6 p.m., 19th November, 1929.)

TELEGRAM.

[*Answered by No.* 389.]

(Paraphrase.)

AM making inquiries for an interpreter referred to in your telegram of the 2nd November, No. 357,* and will let you know result. Some other branch of Colonial service may be able to lend. Please telegraph, for what period, if Imam's reply is favourable, interpreter would be required and probable date.—PASSFIELD

C. 69280/29 [No. 167].

No. 388.

FOREIGN OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies, and, by direction of the Secretary of State, transmits herewith copies of a despatch from His Majesty's Minister, Addis

* No. 384.

Ababa, on the subject of the relations between His Majesty's Government and the Imam.

Foreign Office,
20th November, 1929.

Reference to previous correspondence: Foreign Office letter of 4th November.*

Similar letter sent to India Office and Air Ministry.

Enclosure in No. 388.

(No. 213.)

HIS Majesty's Minister at Addis Ababa presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him copies of correspondence on the subject of the visit to Addis Ababa of Sheikh Abd el Wazi' bin Yehia Abd el Wasi'.

British Legation,
Addis Ababa,
Abyssinia,
14th October, 1929.

Reference to previous correspondence: Addis Ababa despatch No. 207 of 30th September, 1929.

HIS MAJESTY'S MINISTER, ADDIS ABABA, to THE POLITICAL RESIDENT, ADEN.

(Dated 5th October, 1929.)

TELEGRAM.

MY despatch No. 11 of 28th September. Imam's representative sought an interview with me to-day and after referring to the difficulties of the Yemenis in this country the investigation of which was the object of his journey, he spoke at some length on the friendly feelings entertained by the Imam towards Great Britain and his desire for good relations with Aden. These relations he alleged had been impaired through the action of certain Arabs within the Protectorate in fishing in troubled waters.

I am returning his call next week. Do you wish me to allude to the relations question or to avoid it.

THE POLITICAL RESIDENT, ADEN, to HIS MAJESTY'S MINISTER, ADDIS ABABA.

(Dated 7th October, 1929.)

TELEGRAM.

YOUR telegram No. 4. 6th October. Arabs referred to are presumably those chiefs who relying on Protectorate treaties of 25 years and more standing claimed and were given our assistance in order to prevent Zeidi absorption of their districts.

The one inseparable obstacle to establishment of friendly relations with Imam is his objection to formally acknowledge *status quo* in territory defined by Anglo- Turkish agreement of 1904. I should be glad if you could make this clear to representative while refusing to be drawn into any detailed discussion of a complicated situation.

(No. 12.)
(Secret.)

SIR, British Legation, Addis Ababa, 12th October, 1929.

IN continuation of my despatch No. 11 Secret, of the 28th ultimo, I have the honour to inform you that Sheikh Abd el Wasi, the representative of Imam Yehia, wrote to me requesting an interview and I accordingly received him at His Majesty's Legation on the 5th instant.

2. The Sheikh might be some fifty years of age and his benevolent appearance and manner suggest an underlying shrewdness.

* C. 69280/29 [No. 159]: not printed.

3. He said that complaints had been received from the Yemeni residents in this country regarding their treatment at the hands of the Ethiopian Authorities, and that he had been sent to investigate these complaints and the possibility of providing for Consular representation.

4. After a reference to the relations between Southern Arabia and Ethiopia at the commencement of the Mohammedan era, he returned to the present and commented on the fact that while the Imam had a treaty with Italy, he had none with us his neighbours.

5. He described the Imam as animated by feelings of the greatest respect for England and by a keen desire for friendly relations. He had been at Sanaa during the late Sir Gilbert Clayton's mission and he expressed his belief in your own friendly intentions, but he alleged that good relations with Aden had been impaired owing to the action of certain Arabs in the Protectorate and outside who were given to fishing in troubled waters.

6. I observed in general terms that we had neighbours in every part of the globe and that it was seldom that we found any difficulty in maintaining good relations with them. In this country, for instance, we had many hundreds of miles of common frontier but our relations with the Ethiopian Government were excellent. He said that he wished it might be so in Aden.

7. As I thought that the Sheikh's remarks on our relations might be of interest to you, I informed you of their gist in my telegram No. 4 of the 5th instant and inquired whether you wished me to make any allusion to the subject when I returned the Sheikh's call.

8. I duly received your telegram in reply of the 7th instant, and on the occasion of my return visit to-day I told the Sheikh in the course of conversation that having been impressed by his remarks I had looked up the question of our relations and found that the one great obstacle to their establishment on a friendly footing was the Imam's unwillingness to recognise the *status quo* in the territory which the Anglo-Turkish Agreement of 1904 had defined.

9. The Sheikh maintained that that Agreement dealt with more of the Imam's territory than of the Turks' and that in any case the Turks were no longer in the Yemen. I replied that we, however, were still in the Yemen, adding that I could not discuss the question in detail. He said that the matter would have to be settled between the two Governments and when we inquired whether any approach had been made to you he replied in the negative. We left the subject at this point.

10. The Sheikh informed me that he was remaining here for the present pending the receipt of a reply from the Imam to a report which he had submitted on his conversations with the Ethiopian Authorities.

I have, &c.,
S. BARTON.

The Political Resident,
Aden.

C. 69280/29 [No. 169].

No. 389.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 12.26 p.m., 21st November, 1929.)

[*Answered by Nos.* 392 *and* 393.]

TELEGRAM.

(Paraphrase.)

No. 359. 21ST NOVEMBER. Your telegram of 19th November.* Negotiations with the Imam. Date on and period for which the interpreter will be required depends on date and nature of Imam's reply.

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* No. 387.

376

C. 69280/29 [No. 171].

No. 390.

'IRAQ.

THE ACTING HIGH COMMISSIONER to THE SECRETARY OF STATE.

(Received 1.56 p.m., 22nd November, 1929.)

TELEGRAM.

(Paraphrase.)

No. 413. 22ND NOVEMBER. Your telegram of 19th November,* unnumbered, regarding an interpreter for negotiations with Imam.

I recommend Salama who is head translator to the High Commission. He is a highly qualified interpreter and the translation of all confidential documents is entrusted to him. He is a Syrian Christian. He is willing to go and could be spared temporarily.

C. 69280/29 [No. 172].

No. 391.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 25th November, 1929.)

[*Answered by No.* 393.]

(Secret.)
(No. 193.)

MY LORD, The Residency, Aden, 11th November, 1929.

I HAVE the honour to refer to Your Lordship's telegram, dated the 1st instant,† authorising me, subject to certain conditions, to make a further communication to the Imam about treaty negotiations, and to enclose English translations of the letter with enclosures (two) that I have sent to His Highness for this purpose.

I have been mindful of the likelihood that (partly as the result of uninformed conversations with Commander Craufurd) the Imam may still expect to obtain an admission by His Majesty's Government of his pretensions in the Aden Protectorate and also their sanction, without further discussion, to Zeidi encroachments on territories to the south of the (Anglo-Turkish) boundary. I have tried to dispel the former delusion by the terms of my letter, and the latter one by an alteration in the wording of a revised draft of Article 4. I have also added to that Article the Sheikhs of the Koteibi and Alawi tribes whose names might properly have been included with the original list of chiefs.

Although I am doubtful that the Imam will be willing to open negotiations immediately on the basis of these proposals, they will serve to clarify the main issues and thus promote a better understanding on his part of the present state of affairs.

I have, &c.,
G. S. SYMES,
Resident, &c.

Enclosure in No. 391.

(No. C 715.)

YOUR HIGHNESS, The Residency, Aden, 11th November, 1929.

IN order to prevent the possibility of misunderstanding by Your Highness—due either to lapse of time or the lack of direct or personal intercommunication—respecting the willingness of His Britannic Majesty's Government to conclude a treaty of amity, I have the honour to set out, for Your Highness' consideration, the conditions under which His Britannic Majesty's Government are prepared to re-open formal negotiations for the purpose.

The first condition—the benefit of which will, I trust, be apparent to Your Highness—is that there should be previous understanding with regard to those articles in the Treaty relating to the southern frontier and to the Chiefs and Rulers having treaty relations with His Britannic Majesty's Government. In this connection I am directed to refer in particular to Articles 1 to 4 of the draft treaty which was submitted to Your Highness by Sir G. Clayton at Sanaa on 6th Shaaban, 1344

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* No. 386. † No. 383.

(18th February, 1926*), and to inform Your Highness that His Britannic Majesty's Government are prepared to accept in principle these Articles, the copies of which I enclose for Your Highness's information and convenience of reference. I also enclose for Your Highness's consideration revised drafts of these Articles containing certain minor and verbal amendments which appear to be desirable, and I am directed to inquire whether Your Highness is prepared to accept in principle these articles as providing the suitable basis for negotiation of a comprehensive treaty with His Britannic Majesty's Government.

Secondly, and subject to Your Highness's consent as above, it will be requisite and in accordance with International usage that any ensuing negotiations should be conducted exclusively by a plenipotentiary duly accredited by His Britannic Majesty's Government with Your Highness or your representative similarly invested by Your Highness with full powers for this purpose.

I take this opportunity to inform Your Highness that I possess formal credentials under the Royal Sign Manual and Great Seal investing me with full powers for such negotiations with Your Highness or your accredited representative.

As regards the place of any further negotiations His Britannic Majesty's Government consider that on account of the great distance and lack of rapid communications between Your Highness's capital and London it would be a mutual convenience if they could be held either at Sanaa or at Aden.

Finally, I venture to request that any intimation of Your Highness's wishes in reference to this present communication may be addressed to me personally and not made through any intermediary or third party. This request is prompted solely by an earnest desire that the path to an honourable and satisfactory settlement of present difficulties may not be obscured by incorrect representation either of Your Highness's views or of those of His Britannic Majesty's Government.

G. S. SYMES,
Resident, &c.

His Highness Imam Yehia bin Mohammed Hamid uddin,
Sanaa.

Draft Preamble.

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, on the one part, and

His Majesty the King of the Yemen, on the other part,

Being desirous of settling certain outstanding matters between the two countries on a basis of friendship and co-operation for their mutual benefit and with a view to reaching permanent agreement in future.

Have resolved to conclude a Treaty for that purpose, and to that end have appointed as their Plenipotentiaries;

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India;

For Great Britain and Northern Ireland,

* * * * * * * * * *

His Majesty the King of the Yemen,

* * * * * * * * * *

Who having communicated their full powers, found in good and due form, have agreed as follows:—

Draft Article 1.

His Britannic Majesty's Government in the United Kingdom of Great Britain and Northern Ireland acknowledge the sovereignty and the absolute independence of His Majesty the King of the Yemen in all matters, political and administrative, internal and external, in his dominions. Nothing in the present Article is to be considered as a contradiction of the contents of Article 2

Draft Article 2

There shall be peace and friendship between His Britannic Majesty's Government and His Majesty the King of the Yemen. Each of the high contracting parties undertakes to maintain good relations with the other and to endeavour by all the means at its disposal to prevent its territories being used as a base for unlawful activities directed against peace and tranquility in the territories of the other party.

* Translation in Articles 1 to 4 in Annexure 10 to the Report by Sir G. Clayton, printed in "Middle East No. 10," in July, 1926.

Draft Article 3

The settlement of the question of the southern frontier referred to in Article 4 is deferred pending the conclusion, in whatever way may be agreed upon by both parties, of the negotiations which shall take place between His Britannic Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and His Majesty the King of the Yemen before the expiry of the present Treaty, it being understood that nothing contained in the Articles of the present Treaty is to be taken as meaning that His Majesty the King of the Yemen renounces his claims or that His Britannic Majesty's Government recognise any part of his claims.

Draft Article 4.

The tribal territories of which the Chiefs and Rulers are named at the foot of this Article, or which are bounded by the frontier demarcated in 1903, 1904 and 1905 shall remain under their own rule. His Majesty the King of the Yemen recognises the special relations existing between those Chiefs and Rulers and His Britannic Majesty's Government in the United Kingdom of Great Britain and Northern Ireland, it being understood that this recognition does not abrogate the provisions of Article 3. His Majesty the King of the Yemen undertakes that he will prevent, by all means at his disposal, any aggression by his forces on those territories, and any interference by his subjects with the affairs of the people inhabiting the Aden side of that frontier.

In accordance with the provisions of Article 3, nothing in the present Article is to be taken as signifying that His Majesty the King of the Yemen has recognised the Agreement under which the above frontier was fixed.

THE ABDALI SULTAN.
THE FADLI SULTAN.
THE HAUSHABI SULTAN.
THE AMIR OF DHALA.
THE AQRABI SHEIKH.
THE UPPER AULAKI SULTAN.
THE UPPER AULAKI SHEIKH.
THE LOWER AULAKI SULTAN.
THE AUDALI SULTAN.
THE SHARIF OF BEHAN AL-QASAB.
THE WAHIDI SULTAN OF BALAHAF.
THE WAHIDI SULTAN OF BIR ALI.
THE SHEIKH OF HAURA.
THE SHEIKH OF IRKA.
THE KAITI SULTAN OF SHEHR AND MOKALLA and through him the KATHIRI SULTANS.
THE (MAHRI) SULTAN OF KISHN AND SOKOTRA.

Upper Yafa—
THE UPPER YAFA SULTAN.
THE NAQIBS OF MAUSATTA.
THE DHUBI SHEIKH.
THE HADRAMI SHEIKH.
THE MUFLAHI SHEIKH.
THE SAQLADI SHEIKH OF SHAIB.
THE LOWER YAFA SULTAN.
THE QOTEIBI SHEIKH.
THE ALAWI SHEIKH.

Subehi—
THE 'ATIFI SHEIKH.
THE BARHIMI SHEIKH.

C. 69280/29 [No. 175.]

No. 392.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 3 p.m., 28th November, 1929.)

TELEGRAM.

(Paraphrase.)

YOUR telegram No. 359 of 21st November.* regarding an interpreter for negotiations with Imam. Following from High Commissioner, Baghdad:—

Begins:—I recommend Salama, the head translator to the High Commission. He is a highly qualified interpreter and is entrusted with the translation of all confidential documents. He is willing to go and could be spared temporarily. He is a Syrian Christian.—*Ends*. Despatch follows.—PASSFIELD.

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* No. 389.

C. 69280/29 [No. 176].

No. 393.

THE SECRETARY OF STATE to THE RESIDENT.

(Secret.)

SIR, Downing Street, 28th November, 1929.

I HAVE the honour to refer to my telegram of the 28th November,* regarding arrangements for securing the services of Mr. Salama, Head Translator to the High Commissioner of 'Iraq, in connection with the prospective negotiations with the Imam of the Yemen.

2. Should the need of an interpreter become actual, it is proposed that Mr. Salama should be lent to you, for such period as is necessary, at his existing salary of Rs. 650 *per mensem*. It would be necessary for his salary during this period to be borne on the funds of the Aden Government, since I do not think it would be reasonable to expect the Government of 'Iraq to pay this while Mr. Salama is lent to the Aden Government. Mr. Salama would also draw subsistence allowances while on duty in Arabia. The exact amount will have to be fixed at a later stage in consultation with the Lords Commissioners of His Majesty's Treasury but would probably be of the order of £2 *per noctem*. He would also receive his actual travelling expenses, and normal subsistence allowances while travelling in 'Iraq if this was necessary. When travelling by sea he would receive 5s. *per noctem* while on board.

3. I wish to take this opportunity of acknowledging your Secret despatch of the 11th November, No. 193,† in which was enclosed a translation of your letter to the Imam of the same date and to express my approval of the terms thereof. I am causing copies to be communicated confidentially to the Foreign Office, India Office, Air Ministry, and Admiralty.

I have, &c.,
PASSFIELD.

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2. Visit of Sayed Mohammed Zabara to London.

C. 69280/29 [No. 92].

No. 394.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 397.]

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State, transmits herewith for such observations as Lord Passfield may desire to offer, copies of a telegram from His Majesty's Representative, Cairo, on the subject of the relations with the Imam, and the proposed visit to London of Sayed Mohammed Zabara.

Foreign Office,
5th July, 1929.

Reference to previous correspondence: Foreign Office letter of 3rd July.‡

Similar letter sent to Air Ministry and India Office for information.

Enclosure in No. 394.

LORD LLOYD (CAIRO) to FOREIGN OFFICE.

(Received 8.20 p.m., 2nd July, 1929.)

TELEGRAM.

No. 247. 2ND JULY. My despatch No. 497 of 6th June, paragraph 10.

I am informed that Sayed Mohammed Zabara is considering private visit to London this summer with a view to proposing subsequent official visit of a Yemen mission headed by one of the Imam's sons to negotiate with His Majesty's Government.

Do you wish him to be encouraged in this intention or not?

Addressed to Foreign Office No. 247, repeated to Aden.

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* No. 392. † No. 391. ‡ C. 69280/29 [No. 90]: not printed.

C. 69280/29 [No. 93].

No. 395.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 12.5 p.m., 11th July, 1929.)

TELEGRAM.

[*Answered by No.* 396.]

CAIRO telegram No. 247 of 2nd July,* to Foreign Office. Sayed Mohammed visit. Shall be glad to have your views.—PASSFIELD.

C. 69280/29 [No. 100].

No. 396.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 1.50 p.m., 13th July, 1929.)

TELEGRAM.

[*Answered by No.* 400.]

No. 111. 13TH JULY. Your telegram of 11th July.† You are aware of position of treaty negotiations here. I suggest private visit to London should be neither encouraged nor prevented.

C. 69280/29 [No. 101].

No. 397.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR, Downing Street, 18th July, 1929.

I AM directed by Lord Passfield to refer to your letter of the 5th July, 1929,‡ transmitting a copy of a telegram received from His Majesty's Representative at Cairo on the subject of the proposed visit to London of Sayed Mohammed Zabara, and to inform you that Lord Passfield concurs in the views of the Resident, Aden, who considers that the proposed visit should be neither encouraged nor prevented.

I am, &c.,
H. R. COWELL.

C. 69280/29 [No. 113].

No. 398.

FOREIGN OFFICE to COLONIAL OFFICE.

(Confidential.)

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies, and, by direction of the Secretary of State, transmits herewith copies of a telegram to the Acting British High Commissioner at Cairo on the subject of the proposed visit to London of Sayed Mohammed Zabara.

Foreign Office,
24th July, 1929.

Reference to previous correspondence: Foreign Office letter of 5th July, 1929.‡

Similar letter sent to India Office and Air Ministry.

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* Enclosure in No. 394. † No. 395. ‡ No. 394.

Enclosure in No. 398.

FOREIGN OFFICE to MR. HOARE (CAIRO).

(Sent 7.15 p.m., 22nd July, 1929.)

TELEGRAM.

No. 226. YOUR telegram No. 217 of 2nd July, possible visit of Zabara, Envoy of the Imam of Yemen, to London.

I gather Zabara has not himself approached Residency directly or indirectly.

His Majesty's Government desire neither to encourage nor to prevent suggested visit.

You will of course realise that the use for communications regarding the Yemen of channels other than the Resident at Aden can only weaken the latter's already difficult position and is to be depreciated.

C. 69280/29 [No. 118].

No. 399.

FOREIGN OFFICE to COLONIAL OFFICE.

[*Answered by No.* 402.]

(Confidential.)

SIR, Foreign Office, S.W.1, 2nd August, 1929.

WITH reference to Foreign Office letter of 24th July,* relative to the proposed private visit to this country of Sayed Mohammed Zabara on behalf of the Imam of the Yemen, I am directed by Mr. Secretary Henderson to transmit to you the accompanying copy of a telegram from the Acting High Commissioner at Cairo.

2. The fact that the proposed visit has the support of Hassan Anis Pasha, whose attitude in the past has in general been favourable to British interests, and that the report regarding the visit is not mere rumour, appears to put the matter in a somewhat new light, and to render it desirable that Mr. Hoare should be authorised to give a more definite indication of the attitude of His Majesty's Government than was proposed in Mr. Henderson's telegram No. 226 of 22nd July to Mr. Hoare.

3. The Secretary of State therefore proposes, subject to Lord Passfield's concurrence, to instruct Mr. Hoare to inform Sayed Mohammed Zabara or Hassan Anis Pasha, if they should raise the subject with him again, that if the Imam desires to send these two persons to this country, His Majesty's Government will be ready to receive them, provided the Imam formally notifies His Majesty's Government of his intentions through the Resident at Aden who is the proper channel for communication between the Imam and His Majesty's Government. Mr. Hoare could be instructed to add that any detailed negotiations which may eventually result from the visit would have to be conducted through Sir Stewart Symes also.

4. Copies of this letter are being sent to the India Office and Air Ministry.

I am, &c.,
MONTEAGLE.

Enclosure in No. 399.

MR. HOARE (ALEXANDRIA) to FOREIGN OFFICE.

(Received 1 p.m., 24th July, 1929.)

TELEGRAM.

No 266. 24TH JULY. Your telegram No. 226. Information was received from Hassan Anis Pasha whom Z..... wishes to take with him to London. Some indication of attitude is expected and I propose to give him the sense of second paragraph of your telegram.

Do you approve?

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* No. 398.

C. 69280/29 [No. 120].

No. 400.

THE SECRETARY OF STATE to THE RESIDENT.

(Sent 8.50 p.m., 12th August, 1929.)

TELEGRAM.

[*Answered by No.* 401.]

YOUR telegram No. 111 of 13th July.* High Commissioner, Cairo, was informed that His Majesty's Government desire neither to encourage nor to prevent suggested visit, but that he would of course realise that the use for communications regarding the Yemen of channels other than the Resident at Aden can only weaken the latter's already difficult position and is to be deprecated. It is now understood that proposed visit has support of Hassan Anis Pasha, whose attitude in the past generally favourable to British interests and Secretary of State for Foreign Affairs suggests therefore that if Zabara or Hassan Anis Pasha raise question again, they might be informed that if Imam desires to send them to England, His Majesty's Government will be ready to receive them provided Imam formally notifies His Majesty's Government of his intentions through Resident, Aden, who is proper channel for communication between Imam and His Majesty's Government. Further suggested to add that any detailed negotiations which may eventually result from visit would have to be conducted through Resident, Aden, also. Shall be glad to have your views.—PASSFIELD.

C. 69280/29 [No. 122].

No. 401.

THE RESIDENT to THE SECRETARY OF STATE.

(Received 12.41 p.m., 16th August, 1929.)

TELEGRAM.

[*Answered by No.* 404.]

No. 133. 16TH AUGUST. Your telegram 12th August.† Mediation by Anis whose aim is commercial concessions in Yemen is not likely to be useful. Imam's suspicious nature and centralising habits will deny Zabara or any minor emissary the discretionary powers required for profitable discussions of political issues. I understood that Zabara's visit to London was to be private but that he would like the opportunity informally to represent Imam's views. There seemed to me neither advantage nor valid objection to this. But if his visit were made the subject of formal notification by Imam it would assume the character of an official mission whose Chief ought to be Imam's son or other influential personage. I suggest reply should be given that if Zabara or Anis wishes to visit London as private individual they may do so and expect an interview with a Departmental Official, but that if Imam desires to send an official emissary to London he should make his proposals through me.

C. 69280/29 [No. 123].

No. 402.

COLONIAL OFFICE to FOREIGN OFFICE.

SIR, Downing Street, 20th August, 1929.

WITH reference to the letter from this Department of the 15th of August,‡ I am directed by Lord Passfield to transmit to you a copy of a telegram§ from the Resident at Aden, regarding the proposed visit to London of Sayed Mohammed Zabara, and to request you to inform Mr. Secretary Henderson that he concurs in the views expressed by Sir S. Symes.

2. Copies of this letter have been sent to the India Office and Air Ministry.

I am, &c.,
H. R. COWELL.

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* No. 396. † No. 400. ‡ C. 69280/29 [No. 121]: not printed. § No. 401.

C. 69280/29 [No. 131].

No. 403.

FOREIGN OFFICE to COLONIAL OFFICE.

(Confidential.)

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies, and, by direction of the Secretary of State, transmits herewith copies of a telegram to His Majesty's Representative, Cairo, on the subject of the proposed visit to London of Sayed Mohammed Zabara.

Similar letter sent to Air Ministry and India Office.

Foreign Office,
27th August, 1929.

Reference to previous correspondence: Colonial Office letter of 20th August.*

Enclosure in No. 403.

FOREIGN OFFICE to MR. HOARE (RAMLEH).

(Sent 1.35 p.m., 24th August, 1929.)

TELEGRAM.

(Paraphrase.)
(No. 255.)

REFERENCE your telegram of 24th July, No. 266, regarding the possible visit to England of Sayed Mohammed Zabara, Envoy of the Imam of the Yemen.

You should reply that if Hassan Anis or Zabara wishes to visit London as private individual they may do so and expect an interview with a Departmental Official, but that if Imam desires to send to London an official emissary he should make his proposals through the British Resident at Aden.

C. 69280/29 [No. 132].

No. 404.

THE SECRETARY OF STATE to THE RESIDENT.

(Confidential.)

SIR, Downing Street, 2nd September, 1929.

I HAVE the honour to acknowledge the receipt of your telegram No. 133 of the 16th of August,† relative to the proposed visit to this country of Sayed Mohammed Zabara on behalf of the Imam of the Yemen, and to inform you that His Majesty's Representative at Cairo has been instructed to reply to Hassan Anis Pasha that if he or Sayed Mohammed Zabara wishes to visit London as a private individual they may do so and expect an interview with a Departmental Official, but that if the Imam desires to send to London an official emissary he should make his proposals through you.

I have, &c.,
PASSFIELD.

C. 69280/29 [No. 184].

No. 405.

FOREIGN OFFICE to COLONIAL OFFICE.

(Confidential.)

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of

* No. 402. † No. 401.

State, transmits herewith copies of correspondence with His Majesty's High Commissioner, Cairo, on the subject of relations with the Imam.

Foreign Office,
3rd December, 1929.

Reference to previous correspondence: Foreign Office letter of 27th August.*

Similar letter sent to India Office and to Air Ministry.

Enclosure 1 in No. 405.

SIR P. LORAINE to MR. A. HENDERSON.

(Received 11th November, 1929.)

(Confidential.)
(No. 882.)

SIR, Ramleh, 31st October, 1929.

WITH reference to your telegram No. 255 of the 24th August last, I have the honour to inform you that, in the course of a visit paid to me on the 25th instant, Sayed Mohammed Zabara again expressed the conviction that the Imam Yehia sincerely desired to compose by friendly negotiation the differences which at present disturb good relations between Great Britain and the Yemen.

2. He referred to the Imam's proposals, recently submitted through the intermediary of Commander Craufurd (see Weekly Summary of Events, No. 59, page 7, paragraph 4), with no great optimism. He seemed, indeed, rather to presume their failure, for his main endeavour during our conversation was to ascertain whether an alternative line of approach, either through this Residency or direct to London, would be acceptable to His Majesty's Government.

3. I informed him that in no circumstances could I consent to intervene in a sphere of politics not my own undertaking to replace the Political Resident at Aden as a channel of communiation between the Imam and London. He then suggested that the Imam should send an official mission, headed by one of his sons, to London, preferably during the presence of Sir Stewart Symes in the United Kingdom on leave, to negotiate a settlement. I replied that this proposal should be made through the Resident at Aden. He toyed with the idea of a direct communication from the Imam to London, but evidently feared a rebuff. I endeavoured, while insisting that Aden was the proper channel for such communications, to remove his apprehension that any overtures made through Aden were doomed to meet with an unfriendly reception. In this I was, I fear, not entirely successful.

4. I am sending a copy of this despatch to Sir Stewart Symes.

I have, &c.,
PERCY LORAINE,
High Commissioner.

Enclosure 2 in No. 405.

(No. 1180.)
(Confidential.)

SIR, Foreign Office, S.W.1, 28th November, 1929.

I HAVE received your despatch No. 882 of 31st October, reporting your interview with Sayed Mohammed Zabara of the Yemen, and approve your language as reported therein.

2. As you are aware the Resident at Aden recently received, through Commander Craufurd, a British subject in the Yemen holding no official position, a draft treaty purporting to represent the views of the Imam on a possible settlement of his dispute with His Majesty's Government. Sir Stewart Symes inquired what reply should be sent to this communication, and whether, if any negotiations should result from it, His Majesty's Government desired that such negotiations should be held at Aden, at Sanaa, or in London.

3. Sir Stewart Symes was informed by telegram in reply, on 1st November, that he might send a written answer to the Imam informing him that His Majesty's Government would only be prepared to resume negotiations for a general treaty (*a*) through a duly accredited official negotiator appointed for the purpose, and (*b*) on

* No. 403.

the basis of the final draft treaty presented to the Imam by Sir G. Clayton before the termination of his mission to Sanaa in 1926, with certain small modifications, which it has since been necessary introduce therein. Sir Stewart Symes was further informed that His Majesty's Government considered it most undesirable that negotiations should be conducted in London and that this should only be accepted in the last resort; and he was warned to be particularly careful not to use Commander Craufurd in any way even as a channel of communication, nor to mention his name in the message to be addressed to the Imam. It was pointed out that it was a matter of importance, in view of the assurances which had been given on this subject to the Italian Government, that no countenance should be given to the suggestion that Commander Craufurd possessed any official status.

4. No report has yet been received from Sir Stewart Symes as to the result of the action taken on these instructions.

I am, &c.
(for the Secretary of State),
MONTEAGLE.

Sir P. Loraine, Bart., K.C.M.G.,
&c., &c., &c.,
Cairo.

C. 69280/29 [No. 189].

No. 406.

FOREIGN OFFICE to COLONIAL OFFICE.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State, transmits herewith copies of correspondence with His Majesty's High Commissioner, Cairo, on the subject of Great Britain and the Yemen.

Foreign Office,
5th December, 1929.

Similar letter sent to India Office.

Enclosure 1 in No. 406.

(No. 899.)

SIR, The Residency, Ramleh, 5th November, 1929.

I HAVE the honour to transmit to you herewith the copy of an article which appeared in the " Journal du Caire " of the 2nd instant, on the subject of an agreement alleged to have been concluded in principle between Great Britain and the Yemen.

2. The terms of this " agreement " are possibly based upon some version of the proposals recently made to His Majesty's Government by the Imam Yehia through the intermediary of Commander Craufurd; but for my own guidance in dealing with the local Press I should be glad to know whether the details of this report have any foundation in fact.

3. I am sending a copy of this despatch and enclosure to the Political Resident, Aden.

I have, &c.,
PERCY LORAINE,
High Commissioner.

The Right Honourable
Arthur Henderson, M.P.,
&c., &c., &c.

" LE JOURNAL DU CAIRE," 2ND NOVEMBER, 1929.

La grande Bretagne et le Yemen.

DEPUIS leur arrivée au pouvoir, les Travaillistes ont fait de louables efforts pour résoudre les conflits pendant entre la Grande Bretagne et divers pays d'Orient. Les propositions de M. Henderson au peuple égyptien représentaient l'un des aspects de ce problème. On sait que des propositions analogues ont été faites à l'Irak et que

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sans la mort prématurée de Sir Gilbert Clayton, les négociations tendant à la conclusion d'un traité sur ces bases eussent réalisé un grand progrès. Quant au Yemen, son conflit avec les autorités britanniques d'Aden, au sujet de certains territoires contestés avait atteint un degré très grave. Certaines régions du Yemen méridional avaient même été bombardées par des avions britanniques, ce contre quoi l'Imam Yehia avait protesté avec force.

Mais M. Henderson, voulant mettre un terme à cette tension commença par rappeler le Résident anglais à Aden, le colonel Symes.

Maintenant, on annonce qu'un accord a été conclu en principe entre la Grande Bretagne et l'Imam Yehia Hamieddine sur les bases suivantes :—

1. Les neuf régions contestées, savoir Makla, Chahar, Lahaj, Simoun, Bir Aly, Belhaf, Maras Seymout, Maras El-Chaqra et Nassab feront désormais parties de l'Etat du Yemen, étant entendu que sous réserve du paiement de la Zékat et du tribut annuel au Yemen, les régions de Makla et de Lahaj conserveront leur autonomie et leurs sultans respectifs.
2. Conclusion d'un traité de commerce avec la Grande-Bretagne.
3. Conclusion d'un traité et d'un accord avec l'Egypte.
4. Conclusion d'un traité et d'un accord avec l'Irak et échange de représentants entre les deux pays.
5. Reconnaissance, par la Grande-Bretagne, de l'indépendance complète du Yemen dans ses frontières géographiques actuelles, de Hadramout et Makla au sud, presqu'au Hedjaz au Nord, étant entendu que la question de l'Assyr sera résolue d'une manière satisfaisante d'accord avec le roi du Hedjaz.

Ces conditions semblent raisonnables et témoignent du souci du gouvernement britannique de mettre un terme à la tension de ses relations avec le Yemen. Mais la question de l'Assyr ne paraît pas devoir être de solution ainsée. On sait qu'à la suite d'un traité, ce pays est passé, sous la protection d'Ibn El-Séoud. L'Imam Yehia n'a cessé de protester contre ce traité, considérant l'Assyr comme ayant toujours fait partie du Yemen. Des conversations furent entamées à plusieurs reprises entre Sanaa et la Mecque pour trouver un terrain d'entente. Mais jusqu'ici, elles sont demeurées stériles.

SPECTATOR.

Enclosure 2 in No. 406.

FOREIGN OFFICE TO SIR P. LORAINE (CAIRO).

(Sent 10 p.m., 4th December, 1929.)

TELEGRAM.

No. 366 (R). YOUR despatch No. 899 of 5th November—alleged agreement between Great Britain and the Yemen.

Report published in " Journal du Caire " is devoid of all foundation.

Full information regarding Imam's recent overture and reply which Resident at Aden has been instructed to make thereto, was sent to you for your confidential information in my despatch No. 1180 of 28th November.

Statement on situation was made in House of Lords on 3rd December. Copy goes to you by bag 5th December.